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Daily Report

East Asia

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FBIS-EAS-96-108
Tuesday
4 June 1996

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Daily Report

East Asia

FBIS-EAS-96-108

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Japan

Japan: Naval Vessel Shoots Down U.S. Fighter by Accident Off Hawaii

OW0406121096 Tokyo NHK General Television
Network in Japanese 0900 GMT 4 June 96

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] A Maritime Self-Defense Force [MSDF] escort ship, which is participating in a Pacific Rim [RIMPAC] exercise off Hawaii, accidentally shot down a U.S. fighter with a machinegun. The MSDF rescued the two pilots aboard the fighter. According to the information obtained by the Defense Agency [DA], MSDF escort vessel "Yugiri," which is participating in RIMPAC, accidentally shot down an approaching A-6 fighter with a 20-mm machinegun at 1615 [0715 GMT] this afternoon in waters about 2,400 kilometers west of Hawaii. The Intruder attack airplane was carried by the U.S. aircraft carrier Independence. Although the A-6 fighter crashed and sank in the water, the two pilots were rescued safely by a small boat sent from the Yugiri.

The 20-mm machineguns mounted on Yugiri are capable of tracking, with radar, missiles approaching at high speed and fighters approaching at low altitude, as well as firing 3,000 rounds per minute. There are two machineguns mounted on each side of Yugiri. We now switch to the reporter at the DA.

[Begin recording] [Ushioda] The accident reportedly occurred while the Yugiri was conducting training aimed at shooting down approaching planes. A high-efficiency machinegun mounted on Yugiri was expected to automatically aim at targets towed by the A-6 fighter belonging to the U.S. carrier Independence, and to shoot them down by firing in the form of a screen. However, Yugiri accidentally shot down the fighter itself instead of the targets. The DA said that investigation is under way as to what kind of ammunition, live ammunition or training ammunition with less destructive force, was used in the training.

The RIMPAC exercise was suspended temporarily due to this. The DA is trying to collect further information on the accident by contacting SDF units participating in RIMPAC.

Regarding the accident, a senior DA official in charge and a chief of staff, who is at the top of the MSDF, separately conveyed their regrets to the U.S. Embassy and the U.S. Navy this evening. This is Ushioda reporting from the Defense Agency. [end recording]

RIMPAC is a large scale military exercise held every two years off the coast of Hawaii. In addition to the MSDF, navies of the United States, Canada, Australia,

the ROK, and Chile are taking part this year for one month, from 22 May to 21 June, and they were undergoing air defense and antisubmarine training [at the time of the accident]. Nine ships — including the escort ship Yugiri, supply ships, and one submarine — and eight antisubmarine patrol aircraft from the MSDF are taking part in the training.

It seems that the training was held on the supposition of regional conflicts and other clashes, and that MSDF troops formed a group with troops of the U.S. aircraft carrier Independence and fought against troops of three other participating countries.

At a news conference this evening, Foreign Ministry spokesman Hashimoto said: Although it was a mistake, it is very regrettable that the accident happened during the training. Why did they shoot down the towing aircraft? The important thing is that we urgently investigate the cause of the accident and inform the United States of our findings.

Japan: Tokyo, Washington at Odds in Passenger Aviation Talks

OW0306134196 Tokyo KYODO in English
1329 GMT 3 Jun 96

[FBIS Transcribed Text] Tokyo, June 3 KYODO — Japan and the United States remained at odds in aviation talks on the initial day of a two-day informal meeting that began Monday [3 June] at the Transport Ministry, conference sources said.

U.S. Negotiators reiterated a demand that Japan honor the 1952 bilateral aviation pact giving U.S. carriers "beyond rights" to fly via Japanese airports to destinations in third countries, they said.

The Japanese side countered by saying the row should be handled from a more "comprehensive" standpoint, they said.

Japanese negotiators were apparently referring to a demand that both sides should alleviate what Tokyo regards as the inequality of the 1952 treaty that has given the rights to operate a disproportionately larger number of flights to U.S. carriers in comparison to those allowed to Japanese carriers.

The U.S. side asked Japan to approve pending applications by United Airlines and Northwest Airlines to fly to Jakarta beyond Japan, on top of other demands, they said.

Rather than granting the applications on the spot, Japanese negotiators submitted a list of new Japanese

demands, including an increase in the number of Japan-U.S. routes which Japanese airlines are allowed to fly, they said.

The sources refused to divulge the content of the list in greater detail.

However, an informed source said if the U.S. approved all of the listed demands, "it would help accomplish equitability in bilateral aviation interests that are now lopsided in favor of the United States."

At the negotiating table, Japan was represented by Jiro Hanyu, counselor in charge of international aviation at the ministry, while the U.S. side was headed by Joel Spiro, a senior State Department official.

Japan: Minister Hints at 'Retaliatory Steps' Over Aviation Talks

OW0406034396 Tokyo KYODO in English
0310 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Transport Minister Yoshiyuki Kamei expressed dissatisfaction Tuesday [4 June] about the reply of his U.S. counterpart to his letter seeking early resumption of formal passenger aviation talks and hinted at some retaliatory steps.

"It is unsatisfactory," Kamei said at a press conference, "we cannot help but consider taking a strong attitude if the two sides fail to agree on the resumption at an informal working-level session."

The U.S. reply to the minister's letter sent in April to U.S. Transportation Secretary Federico Pena did not mention the holding of formal bilateral aviation talks, Kamei said.

The reply dated last Thursday only said Washington hopes for progress in coordination between the two countries on passenger flights at a two-day informal meeting which started Monday in Tokyo, while reiterating a demand by U.S. carriers to open new routes, according to Kamei.

It also failed to mention Japan's request made later in May to the U.S. side to resume formal negotiations by July 26, he said.

Under the current Japan-U.S. aviation accord, the two countries are obliged to respond within 60 days when either one of them calls for talks, ministry officials said.

The two sides have been at odds over implementation of the 1952 bilateral treaty, which Japan sees as outdated and as giving unfair advantages to U.S. airlines in trans-Pacific passenger transport.

Japan: Minister Says Policy on Semiconductor Trade Unchanged

OW0406042896 Tokyo KYODO in English
0347 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — International Trade and Industry Minister Shumpei Tsukahara said Tuesday [4 June] there has been no change in the policy that government involvement in Japan-U.S. semiconductor trade will be basically unnecessary after the current bilateral accord expires.

The comment came a day after Chief Cabinet Secretary Seiroku Kajiyama had indicated his support for maintaining weak government commitments after the July 31 expiry of the pact.

"I presume (Kajiyama's remark) does not have such a profound meaning," Tsukahara said at a news conference. "(The remark) is not different from what we've been saying."

Japanese and U.S. microchip makers are negotiating a partnership framework to replace the current government-level agreement. They have been divided over whether they need government involvement in the new framework.

The Japanese semiconductor industry, however, has been toning down its opposition to government commitments in the framework, and now says weak government involvement will be inevitable.

Kajiyama told a press conference Monday that the government and the chip industry would expect such weak commitments not to include numerical targets.

Meanwhile, Tsukahara said Japan will not accept a U.S. call for continuing government surveys of foreign share of the Japanese market under the planned private-sector framework.

"I believe (the share survey) is a topic of working-level sessions for exchange of views (on chip trade), but we have been saying governments need not be involved," Tsukahara said.

Under the current government-level microchip accord, the Japanese and U.S. governments conduct quarterly surveys of foreign market share in Japan.

Japan: Hashimoto Supports Some Food Aid to DPRK

OW0406035696 Tokyo KYODO in English
0314 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Prime Minister Ryutaro Hashimoto said Tuesday [4

June] Japan should extend some assistance to food shortage-stricken North Korea from a humanitarian point of view.

"It won't do for us to do nothing," Hashimoto told reporters when asked what action the government plans to take at a time when the United Nations is to discuss adopting an appeal calling for emergency rice aid to North Korea.

To decide on concrete measures, Japan should keep in mind how the UN is dealing with the issue, the prime minister said.

Japan agreed last year to supply a total of 500,000 tons of rice to North Korea, including 150,000 tons offered free of charge, on the condition it was for civilian use only.

Japan: Government To Supply Aid to North Korea

OW0406100096 Tokyo KYODO in English
0941 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Japan will supply financial assistance to North Korea via the United Nations in response to the expected appeal by the U.N. for aid to help the country weather its increasingly serious food shortage, government sources said Tuesday [4 June].

The assistance will be provided through the U.N. as humanitarian aid and will be handled separately from the bilateral rice aid issue, the sources said.

The amount of money to be supplied will be determined in consultations with South Korea, they said.

South Korean president Kim Yong-sam has asked the Japanese government to conduct discussions with Seoul over the issue before deciding on any aid to North Korea.

Japan provided 500,000 dollars to Pyongyang last year in response to a U.N. call for such aid.

Prime Minister Ryutaro Hashimoto said the same day that Japan should extend some assistance to food-short North Korea from a humanitarian point of view.

"It won't do for us to do nothing," Hashimoto told reporters when asked what action the government planned to take at a time when the United Nations is set to discuss adoption of an appeal for emergency rice aid to North Korea.

In deciding on concrete measures, Japan should keep in mind how the U.N. is dealing with the issue, the prime minister said.

Japan agreed last year to supply a total of 500,000 tons of rice to North Korea, including 150,000 tons free of charge, on condition that it was for civilian use only.

Japan, South Korea and the United States recently agreed that no additional rice aid will be offered to the communist country.

Japan: Hashimoto Asks Chinese for Assurance on Hong Kong Reversion

OW0406063396 Tokyo KYODO in English
0602 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Prime minister Ryutaro Hashimoto on Tuesday [4 June] urged China's top official on Hong Kong affairs to help Japanese business people have confidence in the territory after it reverts to Chinese rule next year, a foreign ministry official said.

Hashimoto made the request in a half-hour meeting at his official residence with Lu Ping, director of the Hong Kong and Macao Affairs Office at China's State Council or cabinet.

Lu, introducing himself as a "salesman" for Hong Kong, briefed the prime minister on Beijing's policy of leaving Hong Kong with a market economy after the reversion from the British colonial rule in July 1997, while urging Japan to help with the territory's future.

Hashimoto also told Lu that Japan supports China's bid to join the World Trade Organization and has discussed the issue with other countries, the foreign ministry official said.

Lu, on a seven-day stay in Japan through Saturday at the invitation of the Foreign Ministry, met Foreign Minister Yukihiko Ikeda on Monday. During his stay he will give a series of lectures for business people.

Japan: Foreign Minister Urges Netanyahu To Push Peace Process

OW0406022796 Tokyo KYODO in English
0217 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Japan wants Israel's Prime Minister-elect Benjamin Netanyahu to keep his promise and actually push the Middle East peace process forward, Foreign Minister Yukihiko Ikeda said Tuesday [4 June].

"The peace process currently in place should be promoted further," Ikeda said at a regular news conference, commenting on whether right-winger Netanyahu will pursue peace with the Arabs as he pledged Monday.

"Mr. Netanyahu said he will basically continue peace efforts. So we hope he will promote the peace process by putting into practice what he said in principle about each and every specific question," Ikeda said.

Netanyahu, leader of the Likud party, edged outgoing Prime Minister Shimon Peres, an architect of the Middle East peace plan, in last week's Israeli general election.

Japan: Government To Give 560 Million Yen Aid to Russian Far East

OW0406101296 Tokyo KYODO in English
0922 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Japan decided Tuesday [4 June] to provide humanitarian assistance worth 522 million yen to the Russian Far East, the Foreign Ministry said.

A series of ceremonies will be held in seven locations in the region to hand over the assistance in the form of medicine and equipment, powdered milk and ambulances, the ministry said.

The assistance is part of Japanese efforts to help the Russian Far East, which is geographically close to Japan, reform its political and economic systems.

It is also in response to a recent medical survey that found the region's infant mortality rate is rising and the average life span declining more rapidly than other parts of Russia, the ministry said.

Japan: Majority of Okinawan Candidates Favor Return of Bases

OW0306130196 Naha RYUKYU SHIMPO
in Japanese 2 Jun 96 Morning Edition p 1

[FBIS Translated Text] The RYUKYU SHIMPO conducted an opinion poll of 78 candidates for the Okinawa Prefectural Assembly election (voting and ballot counting will be on 9 June) to ask them about their political views on five issues, including the "Japan-U.S. security treaty," and the "Prefectural Government's Action Program on Return of Land for Military Use." Handling of the base issue is the matter at issue in the forthcoming election. Regarding the bilateral security pact, which underlies the base issue, 51 respondents (65.4 percent) showed a negative view by demanding "abolition" and "review" of it, while 27 respondents (34.6 percent) favored "close adherence" to the pact. As for the prefectural government's action program aimed at the complete return of U.S. military bases by the year 2015, 43 candidates (55.1 percent) "supported" it, while 12 candidates (15.4 percent) "opposed" it. This clearly shows that respondents are divided on this matter.

The poll was conducted to clarify candidates' political stands, which is one of the factors voters will use to determine who they will vote for. A questionnaire was sent to each candidate on 22 May, and all of them sent back their replies within a week. In addition to issues on the security arrangements and the prefectural government's action program, candidates were asked about their views on the new Ishigaki Airport construction project issue, the *jusen* issue, and the question of raising the consumption tax rate.

As for the Ishigaki Airport construction project, which has been shelved for 17 years over the selection of a construction site, 31 respondents (39.7 percent) said, "The site should be decided after conducting surveys." It is unusual because candidates from the same parties and floor groups were split in their views on this matter.

Concerning the "plan to use public funds for liquidating bad loans held by *jusen* housing loan corporations," over which the ruling and opposition parties have sharply contested with each other in the Diet, over 70 percent of the candidates declared their "opposition," largely exceeding the percentage of those who "approved" or answered that "there is no other choice but to use public funds." As for the "question of raising the consumption tax rate (by 5 percent)," none of candidates "supported" it, while 23 respondents gave rather favorable views, saying "there is no other way." However, the majority (52.6 percent) "opposed" the raise.

Japan: Top Banker Declines Further Commitment on 'Jusen'

OW0406064896 Tokyo KYODO in English
0605 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — The head of the nation's banking industry declined commitment in the Diet on Tuesday [4 June] on additional contributions by financial institutions to liquidate seven moribund "*jusen*" mortgage loan companies.

Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, told an ad hoc committee in the House of Representatives that banks are doing their utmost but there is a limit to what they can as they are private enterprises.

Hashimoto, who is president of Sakura Bank, said the banks that founded the *jusen* have agreed to give up all outstanding claims on the mortgage companies are now groping for additional measures to contribute to solving the issue, but he stopped short of making commitment on further steps.

Under a government scheme to resolve the issue, the founder banks have agreed to give up 3.5 trillion yen

worth of claims on the mortgage companies and make additional contributions to a special fund proposed by the government to stabilize the nation's financial system.

They are balking at accepting repeated demands from Prime Minister Ryutaro Hashimoto and Finance Minister Wataru Kubo for shouldering more of the burdens for liquidating the housing loan companies.

Japan: 'Source' Says Major Banks To Take On Extra 'Jusen' Burden

OW0306235096 Tokyo KYODO in English
2321 GMT 3 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Major banks that founded seven failed "jusen" housing loan companies plan to take on an extra burden under the government-crafted liquidation scheme if the government proposes new concrete measures, financial sources said Monday [3 June] night.

The sources said Shunsaku Hashimoto, Chairman of the Federation of Bankers Associations of Japan, will explain the banks' stance when he attends Tuesday's session of the House of Representatives ad hoc committee on the jusen issue.

The banks have balked at shouldering extra burdens, saying that they have already taken on the maximum burden as called for under the government's original scheme.

The sources said the banks are changing their stance in the face of severe public criticism against financial institutions over the jusen problem and aim to work out a solution to the problem as soon as possible.

The government plans to ask farm-related financial institutions, the largest creditor group to the mortgage companies, and the banks which founded jusen firms, to shoulder additional financial burdens of some 200 billion yen and hundred of billions of yen, respectively.

If both groups accept the government plan, it will become possible to add about 1 trillion yen to a 1 trillion yen fund to be set up with Deposit Insurance Corp. for stabilizing the financial system.

Alternatively, a separate 1 trillion yen fund could be created which would be used to make up for the 685 billion yen in taxpayers' money earmarked to cover losses to be incurred in the liquidation of the jusen companies over a period of 15 years.

Japan: Minister Says No Specific Measures Adopted for 'Jusen' Scheme

OW0406020896 Tokyo KYODO in English
0143 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Finance Minister Wataru Kubo said Tuesday [4 June] the government has yet to set specific measures to seek additional contributions from financial institutions to a scheme to liquidate failed "jusen" housing loan companies.

"As far as my responsibility is concerned, no specific measures have been considered selectively or adopted," Kubo said at a news conference.

He was referring to press reports that the government plans to urge agricultural financial institutions, the biggest creditors to the jusen companies, and banks that founded those ailing jusen companies to shoulder additional liquidation burdens of some 200 billion yen and hundreds of billions of yen, respectively.

Kubo said the banking industry has not completely rejected making additional contributions to the liquidation scheme.

Industry leaders have only said they have no good ideas about how to cover the increased financial burdens for the scheme, he noted.

Kubo said he will closely study the comments of Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, in his testimony before the Diet later in the day.

Banking industry sources said the banks that founded the jusen companies are leaning toward accepting calls for additional liquidation burdens.

Under the government-devised scheme, the founder banks and other creditor institutions will share the costs of liquidating the jusen companies. Part of the losses at the housing loan companies, however, will be covered by taxpayers' money under the scheme.

In the face of strong public criticism of the scheme, the government is seeking additional contributions from the financial institutions involved in the housing loan fiasco.

Japan: Farm Minister Says No Decision Reached on 'Jusen' Burden Plan

OW0406041496 Tokyo KYODO in English
0316 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Farm Minister Ichizo Ohara said Tuesday [4 June] he has yet to confirm specific measures to seek additional

contributions from agricultural financial institutions toward a scheme to liquidate failed "jusen" mortgage loan companies.

Agriculture, Forestry and Fisheries Minister Ohara told reporters that he has heard nothing about a reported plan for additional burdens to be borne by farm-linked financial institutions.

Press reports said the government intends to urge agricultural financial institutions, the biggest creditors to the jusen companies, and banks that founded those ailing firms to shoulder additional burdens of some 200 billion yen and hundreds of billions of yen, respectively.

Under the government-devised scheme, the founder banks and other creditor institutions, including farm-linked lending bodies, will share the costs of liquidating the jusen companies.

The scheme, however, calls for part of the losses at the housing loan companies to be covered by taxpayers' money.

In the face of strong public criticism of the scheme, the government is now seeking additional contributions from the financial institutions involved in the housing loan fiasco, to offset the use of tax funds.

Japan: Official Rejects Call To Keep Consumption Tax Unchanged

*OW0306092596 Tokyo KYODO in English
0910 GMT 3 Jun 96*

[FBIS Transcribed Text] Tokyo, June 3 KYODO — Vice Finance Minister Tadashi Ogawa on Monday [3 June] rejected a call from the opposition political parties to maintain the consumption tax at 3 percent.

"It would be difficult to leave the consumption tax rate unchanged, given that the government has been implementing a total of 16.5 billion yen worth of income and other tax reductions (in exchange for a future hike in the consumption tax rate)," Ogawa said at a news conference.

To help stimulate the sluggish economy, the government has been implementing an annual tax reduction of 5.5 trillion yen since fiscal 1994.

In exchange for the tax cuts, the government plans to raise the consumption tax rate from the current 3 percent to 5 percent in April 1997.

Ogawa, meanwhile, said he has heard nothing about additional contributions from agricultural financial institutions to a government-proposed scheme to liquidate failed "jusen" housing loan companies.

He was commenting on a series of remarks made by politicians which indicated farm-linked institutions' readiness to bear more liquidation burdens.

Under the scheme, banks that founded the jusen companies and their creditors, including agricultural financial institutions, will share liquidation costs. Part of the losses at the jusen companies, however, will be covered by using taxpayers' money.

Amid strong public criticism of the scheme, the government is now seeking additional contributions from the founder banks and other creditors to offset the tax money.

Japan: Governments Urged Not To Scrap Nationality Requirement

*OW0306141796 Tokyo KYODO in English
1405 GMT 3 Jun 96*

[FBIS Transcribed Text] Tokyo, June 3 KYODO — The Home Affairs Ministry urged all the country's prefectural and municipal governments Monday [3 June] not to scrap a Japanese nationality requirement for their employees, officials said.

In the letter mailed to heads of local governments and assemblies, the ministry reiterated its opposition to abolishing the requirement, saying "public servants involved in wielding administrative authority or creating the will of the general public must be Japanese nationals."

Therefore, the letter said, "it is not proper to abolish the nationality requirement" for local government employees, except for those whose jobs are highly specialized or technical such as public health nurses.

The city of Kawasaki, bordering Tokyo, announced in May that it will scrap the requirement for city office employees, while the Kochi Prefectural Government and the city of Osaka in April shelved plans to scrap it apparently under pressure from the ministry.

The letter referred to a May 16 court decision, which rejected a request by a Japan-born ethnic Korean resident, who is a public health nurse at the Tokyo Metropolitan Government, to be allowed to take an exam for promotion.

In the ruling, the Tokyo District Court said the Constitution does not necessarily guarantee foreigners the right to become public servants who exercise governmental authority.

The central government has kept it a policy that public servants must have Japanese citizenship, although there is no law stipulating such a rule.

The Home Affairs Ministry has no authority to interfere with personnel affairs in municipalities because it is up to municipal governments to decide on how to hire city employees.

Japan: Rate of Atomic Power Use Tops 80 Percent in FY95

OW0406103396 Tokyo KYODO in English
0850 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Japan's utilization rate of nuclear power reactors topped 80 percent for the first time in fiscal 1995, reflecting less recent problems and quicker regular checks, industry officials said Tuesday [4 June].

According to the Federation of Electric Power Companies, the utilization rate of 49 commercial-use nuclear power reactors operated by nine electric power companies and Japan Atomic Power Co. came to 80.2 percent in fiscal 1995 that ended in March, up 3.6 percentage points over the previous year.

The figure means that the actual power generated by the 49 reactors equaled 80.2 percent of the total output if the reactors operate at full capacity for a year.

A one-point rise in the rate represents a savings in oil and other fuels for thermal power generation of 660,000 kiloliters worth 9 billion yen, federation officials said.

In fiscal 1995, therefore, the electric power industry saved the equivalent of 2.4 million kl of oil, or 1 percent of total domestic oil consumption, valued at 3.2 billion yen.

The highest utilization rate of 90.4 percent was achieved by Hokkaido Electric Power Co., followed by Chubu Electric Power Co. with 85.9 percent and Kyushu Electric Power Co. with 85.6 percent.

The nation's utilization rate rose to the 70 percent level in 1983 from the 40 percent and 50 percent levels in the second half of the 1970s. The previous record was 77.1 percent set in 1987.

Nuclear power reactors are required to be checked every 13 months, which usually take two to three months. In fiscal 1995, power companies cut that time by one to two weeks through various measures such as using more workers.

Japan: Company To Launch Digital TV Service

OW0306061496 Tokyo KYODO in English
0537 GMT 3 Jun 96

[FBIS Transcribed Text] Tokyo, June 3 KYODO — Japanese television will enter the era of digital multi-

channel satellite broadcasting in September when PerfectTV Corp. launches pay service on about 60 channels.

PerfectTV Corp. has been jointly established by four major trading houses — Itochu Corp., Mitsui and Co., Sumitomo Corp. and Nissho Iwai Corp. — and Japan Satellite Systems Inc.

For a one-time subscription fee of 2,800 yen and a monthly basic fee of 290 yen, viewers will be able to watch channels dedicated to programs such as news, children's programs, dramas, movies, language lessons, sports and hobbies, according to the company.

PerfectTV will be followed by DirecTV Japan Inc., established by DirecTV Inc. of the United States and a group of Japanese companies, including Tokyo-based rental video chain Culture Convenience Club Ltd.

DirecTV Japan plans to launch service in the summer of next year on as many as 100 channels.

The Hong Kong-based satellite broadcasting operator Star TV, which started Japanese-language cable-TV service in April, is preparing to increase the number of its channels to six in the near future.

Digital broadcasting uses communication satellites to provide high-resolution moving images and high-quality sound on four to six times as many channels as older analog systems.

Industry analysts say the expanded variety of digital TV will change the nature of the broadcasting business.

DirecTV, which has more than 200 channels in the United States, has signed up nearly three million subscribers since it began service there in 1994.

In Japan, consumers must be persuaded to spend 50,000 to 60,000 yen for an antenna and tuner to watch the new services. Despite this high cost, PerfectTV projects one million subscribers within three years and five million in five years.

Multichannel broadcasting will present strong competition to conventional satellite stations, rental video shops, movie theaters and cable services, analysts say.

Japan: Spy Satellite Acquisition Discussed

OW0406091596 Tokyo AERA in Japanese 3 Jun 96
pp 62-63

[Article by AERA Editorial Board member Shunji Taoka: "A Plan To Have a Domestic Reconnaissance Satellite Has Emerged: Japan Seeks Intelligence Independence"]

[FBIS Translated Text] A joint meeting of the Liberal Democratic Party's Research Commissions on Foreign

Affairs and Security was held 15 May. Experts from NEC Corporation — the biggest satellite manufacturer, which has made 41 of 63 Japanese satellites launched — and other institutions were invited to discuss the technological feasibility and costs of developing a domestic reconnaissance satellite. After the discussion, a mid-level Defense Agency (DA) official said, "The smooth implementation of the plan to have a reconnaissance satellite is a delicate issue because there is a country that wants to interfere with it."

The defense bureaucrat did not mention the name of the country because it is an ally of Japan. After the war, Japan has relied on information provided by the United States to decide on its foreign policies. Now that the East-West confrontation is over and an era in which each country seeks its own national interests has begun, Japan's launching a reconnaissance satellite — a powerful means of collecting information — will be a manifestation of its will to judge the international situation and to determine its course on its own. The United States will not be happy about it.

According to the NEC engineers, if the development of a reconnaissance satellite is decided now, its launch will be possible in eight years, in 2004. Three satellites are necessary, one will orbit at 750 km altitude in an almost north to south direction 18 times a day, and carry an optical scanner with a resolution of approximately 1 meter. When a more detailed image is needed, it will be able to transmit black-and-white images with a resolution of 40 cm in a digital signal if the satellite is lowered to 300 km.

Approximately Four-Year Life Span

Since optical scanners are of no use at night or when there are clouds, a satellite with a high-precision synthetic aperture radar will also be launched. This satellite reportedly has a resolution of 2.5 m. To relay the digital signals sent by these two satellites, a relay satellite will be placed in equatorial geostationary orbit. NEC's calculation of the total cost for the eight years until the launch — including H-2 type rockets that will be used for the launch, R&D expenses, the production cost of the satellites, ground receiving stations, and intelligence analysis equipment — is 204.5 billion yen.

Satellites cannot remain in the low orbit of 300 km for a long time because there is air resistance. The satellites will be lowered only when there is a need to investigate more closely — for example, tensions somewhere in the world, or neighboring countries get a new missile. Other than that, they will be returned to the 700-km altitude. Maneuvering jets are needed for that, and the satellites will have to carry approximately 4 tons of fuel. Assuming the satellites will have to be lowered three

or four times, their lifetime is said to be four years. Because there is a need to launch a replacement before that, it is likely that the project including maintenance costs, like ground receiving stations, would cost an average of more than 20 billion yen a year.

The Science and Technology Agency (STA) already launched the Japanese Earth Resource Sensing satellite JERS in 1992, which carries a synthetic aperture radar and an optical scanner both with an 18-m resolution. Land observation technology satellite ALOS, scheduled to be launched in 2001, is equipped with an optical scanner with a 2.5-m resolution, and a synthetic aperture radar with a 10-m resolution. Even this satellite is far more superior to the United States' first successful reconnaissance satellite "Discoverer 14" (launched in 1960), whose resolution was considered to be 15 or 30 m. With a resolution of 2.5 m, it can detect the existence of small aircraft and surface-to-air missiles; if it is a naval vessel, its type can be told. In addition, the satellite can locate a vessel even at night or in bad weather with its 10-m-resolution synthetic aperture radar.

While the U.S. satellite KH-11 (launched since 1976) and its successor are said to have a resolution of 14 cm when at its perigee — the point in a geocentric orbit closest to the Earth — that much of a close-up, where its field of vision becomes extremely narrow, is unnecessary in general intelligence gathering. The reason the U.S. reconnaissance satellites have such a high resolution is that the United States used to try to learn about Russia's new weapons in detail.

On the other hand, the resolution of Russia's reconnaissance satellites, due to its lag in optical and electronic technologies, are estimated at about 1 m. For images that require precision, they are returned on film contained in capsules. In this method, a satellite's lifetime is shortened when it runs out of film.

Europe To Become Independent of the United States

The U.S. development of radar satellites is relatively recent. "Lacrosse," developed under a CIA top secret project, was completed in 1987, and was put into orbit by the space shuttle. The radar of the reconnaissance satellite planned by NEC is a match for "Lacrosse," whose resolution is regarded to be 1.5-3 m. "Lacrosse" has played an important role in detecting the moves of tank forces of East Europe, where fog often sets in.

In the 1991 Gulf war, U.S. reconnaissance satellites played a decisive role in enabling it to take the lead over UK and French troops. Because only U.S. forces had information on the location of Iraqi troops, the other countries had to act as directed by U.S. troops. Learning

from this bitter experience, France hurried to complete its reconnaissance satellite "Helios," and the July 1995 launching of the satellite was funded partly by Italy and Spain. European nations have started to aim at becoming independent in terms of information.

In Japan, the DA has already been purchasing and using magnetic tapes from the U.S. observation satellite "Landsat" and the French "Spot" for map making, and gathering information to some extent by increasing their resolution by computer enhancement at the Ground Self-Defense Force's Central Geography Corps (in Tachikawa, Tokyo). However, because Landsat's resolution is 30 m, and Spot 10 m, it is said they are only capable of telling the existence of vessels or large aircraft.

Diet Resolution on "Peaceful Use"

The DA has decided to have an "images department" in the intelligence headquarters to be established this fiscal year, and it intends to make good use of satellite information. However, a resolution adopted by a 9 May 1969 Lower House plenary session says, "The development and utilization of objects that will be launched into outer space and rockets that will be used to launch them shall be limited to peaceful purposes...." The DA's acquisition of a reconnaissance satellite is considered a violation of this resolution.

Meanwhile, the Self-Defense Forces (SDF) has been using communication satellites to communicate with its vessels and [its base in] Iwo Jima since 1985. Also, the SDF has been using navigation systems that use radio waves from satellites. The SDF's reasoning is that it would be all right for it to use these satellites since they are widely employed for satellite broadcasting and car navigation systems, and their usage has become popular.

With regard to reconnaissance satellites, Russia has started to sell satellite images except those showing its own territory; and in the United States too, Lockheed plans to launch a satellite and sell images with 1-m resolution. There is an opinion in the DA that "these moves indicate that satellite images are now becoming popular." Also, there is an argument that if the DA jointly manages an "intelligence satellite" with the Foreign Ministry, the STA, and the Prime Minister's Office, then its usage will not be regarded as "military" only.

So far, the United States has occasionally shown pictures taken by its reconnaissance satellites to Japan's high-ranking government officials, DA people, and Diet members visiting the States. Nevertheless, images shown are only those that are in accord with U.S. Government policies, and it is not known whether the im-

ages have already been revised or if they are originals. Nowadays, images can be made by synthesization.

Although it will become possible to buy satellite images from U.S. firms on a commercial basis in the future, a senior DA official says, "During an emergency, the distribution of the images could be suspended for the United States' own reasons. If it said its satellite was out of order, that would be that. If possible, it is better to have our own satellite." However, because the development of domestic reconnaissance satellite leads not only to the issue of the interests of U.S. firms that plan to sell satellite images to the world, but also to the independence of Japan's foreign policy, it seems there is going to be pressure to "liberalize the satellite image market," and a hot debate on the issue of cost and effect.

Japan: LDP's Kato Explains Inconsistency of Alleged Donations

OW0406080096 Tokyo KYODO in English
0714 GMT 4 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Koichi Kato, secretary general of the dominant ruling partner Liberal Democratic Party (LDP), contradicted himself Tuesday [4 June] while explaining questionable donations from a now-defunct steel-frame maker, a borrower from failed "jusen" housing loan companies.

In testimony before the House of Representatives ad hoc committee on financial affairs, Kato denied that he took the donations but admitted that his supporters could have taken them from Kyowa Co.

"I thought of the allegation over and over again, but I don't remember such donations, so this means there have not been such donations," said Kato, who was questioned as an unsworn witness in the panel.

Kato, however, said Shigenori Mizumachi, who led a group of supporters for Kato, and Goro Moriguchi, a former vice president of Kyowa, were on good terms and said Mizumachi might have received donations from Moriguchi.

Mizumachi issued a written statement stating that he saw Moriguchi give Kato a 10 million yen donation in January 1990, contradicting Kato's Diet testimony.

Kato said he had handed 10 million yen over to Mizumachi in 1992, saying he asked Mizumachi to pay Moriguchi the amount if the former Kyowa vice president had offered the alleged donation to his supporters.

Kato said he did so thinking that if the donation had indeed been made, it would have caused problems for the cabinet of then Prime Minister Kiichi Miyazawa, as he was a chief cabinet secretary at that time.

Kato, however, said, "when I asked my secretary, he was not told if my supporters received such a donation from Kyowa."

"I think Mr. Moriguchi attended parties organized by my supporters once or twice," Kato said, adding, "I know of him but do not know him personally."

Iwao Matsuda, a lawmaker of the biggest opposition party, Shinshinto (New Frontier Party), said it is necessary to summon Kato and Mizumachi to the Diet as witnesses, saying, "Mr. Kato's remarks were inconsistent."

Kato told a press conference after his Diet testimony, "I did my best and I think I explained the issue sufficiently."

Japan: Politicians Said To Favor Cohosting World Cup

OW0406012796 Tokyo KYODO in English
2357 GMT 3 Jun 96

[FBIS Transcribed Text] Tokyo, June 4 KYODO — Japanese and South Korean politicians seem to have favored co-hosting the soccer 2002 World Cup finals all along, despite their public protestations to the contrary.

Accounts pieced together after FIFA finally awarded last Friday [31 May] the event to both nations show that lawmakers from both countries have been working secretly, at least during the past 18 months, to explore the possibilities of joint hosting amid signs of an increasingly overheated bidding war.

"Japan and South Korea needed a compromise solution," said an influential politician in Japan's ruling coalition Friday night, speaking on condition of anonymity soon after soccer's world governing body made the unprecedented joint-hosting decision.

"There should be neither win nor loss this time," the lawmaker said.

While the unanimous ruling by the 21-member FIFA Executive Committee surprised the soccer world, it roughly followed a scenario already quietly written in political circles.

One of the key figures on the Japanese side was Former Prime Minister Kiichi Miyazawa, who headed a 340-strong suprapartisan group of Diet members supporting Japan's world cup bid.

Miyazawa had a secret meeting with Former Prime Minister Morihiro Hosokawa shortly before Hosokawa's visit to South Korea in January 1995 and conveyed his wishes to sound out Seoul's response to the co-hosting idea.

South Korean President Kim Yong-sam, in his Jan. 10 meeting with Hosokawa last year, was quoted by a Tokyo political source as telling Hosokawa that Japan-South Korea ties would "turn back 30 years" if their bidding race caused a deeper scar.

Kim's words were enough to show his country's resolve to host the World Cup finals and propel Hosokawa to grope for a "soft landing" approach toward a joint hosting of the single biggest event of any individual sport.

Seoul, it seems, was also groping for a compromise solution.

Kim Yun-hwan, chairman of the South Korea-Japan Parliamentarians Union, put forward a co-hosting proposal in a July 1995 meeting in Tokyo with former Japanese Prime Minister Noboru Takeshita.

Upon returning to Seoul, Kim revealed at a press conference that he and Takeshita "agreed to promote the co-hosting project in an effort to build forward-looking bilateral relations."

Kim at the time said Takeshita will "formally advocate a joint-hosting plan shortly in Japan."

But Takeshita kept his lips sealed on the issue and Japan's bidding committee dismissed reports on the move.

The top officials of Japan's soccer association and its bidding committee, none of whom held political posts, stuck to the single-country hosting formula until the very last minute.

From the perspective of Japanese politicians, still walking a tight rope on bilateral ties with South Korea due to Japan's 1910-1945 colonial rule over the Korean peninsula, a single-nation hosting of the event would have cast another political shadow.

In the last several years, the two countries have already locked horns over compensation for the so-called "comfort women" who were forced into wartime sexual service for the Japanese army and the territorial dispute over a pair of barren islets in the Sea of Japan.

"We don't want to further worsen ties with South Korea," one senior politician said.

"For the people in South Korea, soccer is a national sport. It's intolerable for them to give the World Cup finals to Japan," he said.

South Korean Foreign Minister Kong No-myong also referred to a possible co-hosting in his meeting with visiting top Japanese coalition officials in late April.

On May 13, Kim Yun-hwan revisited Japan for talks with Takeshita on the issue. The rest, as the saying goes, is history.

Japan: Editorial Welcomes Cohosting World Cup Finals

OW0406051796 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 2 Jun 96 Morning Edition p 2

[Editorial: "We Welcome Cohosting World Cup Finals"]

[FBIS Translated Text] Cohosting the 2002 World Cup soccer finals by Japan and the ROK has been decided upon. However disappointing the decision may be for Japanese officials who sought Japan's sole hosting of the event, it can be said that things were settled in an appropriate manner.

The seven-year-long drive by Japan and South Korea to bring the World Cup to their own countries intensified year after year. Japan reportedly invested seven billion yen in the campaign, the ROK more. Such a situation made it difficult for FIFA executive committee members with the voting right to support either candidate.

Lennart Johansson, the head of the European Football Association Union, who favored cohosting, said: "I do not want to hurt both sides." The sole hosting of the event by either side will never have good effects on Japan-ROK relations. Considering this, Japan should not take a "bitter" stand against cohosting, but it should "welcome" and positively accept it.

It is said that sport always comes before political and social movement. Japan's so-called "ping-pong diplomacy," which enabled China to participate in the world table-tennis championship in Nagoya in 1971, opened the way for normalizing relations with the PRC. Taiwan invented the method of participating in Olympic games not as a state but as a "region." It was the world of sports where internationalization and liberalization first began and took root.

Although 50 years have passed since the end of the war, there is still ill feeling between Japan and South Korea. Recently, bilateral ties worsened over the issue of ownership of Takeshima Island and the comfort women issue. The two countries, which are geographically the closest to each other, should effectively use the occasion of the World Cup finals to establish truly friendly relations.

Because the cohosting is the first in World Cup history, many questions will be raised. For example, where will the opening ceremony be held? Which nation will host the final match? Which host country will be guaranteed the privilege of competing in the finals? How will the matches be split? And how will players be transferred

between the two countries? It will also be necessary to discuss how World Cup proceeds should be shared.

However, from the viewpoint of the need to improve Japan-ROK relations, operational problems are trifling matters. The "Virtual Stadium," which was a major feature of Japan's bid for the World Cup finals, is said to offer high-definition television images of matches in other venues. Such service across the sea will be highly appreciated.

The World Cup finals that are emerging before us represent a great and definite project for the 21st century. We hope that cohosting will be evaluated in later years as having been the event that opened the way for establishing truly good relations between Japan and the ROK.

Japan: TRDI Officials on Developing SDF's Weapons

OW0306130596 Tokyo *SECURITARIAN* in Japanese Apr 96 pp 18-20

[Unattributed interview with Technical Research and Development Institute's Deputy Assistant Director General for Naval Equipment Development Yukitoshi Endo; Deputy Assistant Director General for Ground Equipment Development Susumu Ito; Deputy Assistant Director General for Aero Equipment Development Hayao Kubota; and Deputy Assistant Director General for Guided Weapons Development Hirobumi Eguchi. Originally titled "Defense Technology R&D Q&A; Officials Responsible for Technology Development Speak of Birth Pains"]

[FBIS Translated Text] Difference Between Research and Development

At the Technical Research and Development Institute [TRDI], which is responsible for research and development on the items of equipment used by the Self-Defense Forces [SDF], the Assistant Directors General for Development have the primary responsibility for R&D. There are four of them, and their right-hand men are the four Deputy Assistant Directors General for Equipment Development who spoke on this occasion. Each of them has long experience as a technical officer in TRDI.

Although research and development are often lumped together, they pointed out that each has its individual nature:

"Research is based on technology. Development is based on a system, the equipment." (Kubota)

"In the research stage we work on technology, which is not tied directly to a piece of equipment. Taking

the element technology acquired during research and putting it together in a system is development." (Eguchi)

"As an analogy to civilian enterprises, we build a sample, test it in the laboratory, then decide whether or not to develop it as a product." (Endo)

"Development involves the risk of trying for the most advanced technology with futures equipment in mind, but development is closely tied to the individual staff offices that levied the requirements, and coordination to keep in line with the requirements is important." (Ito)

Role of Technical Officers

Technical officers stand between each SDF service that levies the requirements and the company that actually performs the trial fabrication. He is expected to manage the development item such that the equipment desired by the service in question can be realized as technology. The content of that has a long range not seen elsewhere, extending from the budget request through drafting specifications in the order stage, inspecting technology in the testing stage, drafting the basic proving plan, through consideration of the test results. In the future, however, it will be difficult for the services, who are the users, to grasp what kind of technology will be possible in 10 years, and what can be done with it. For that reason, the deputy assistant directors general suggest a two-way relationship with the services in which they would strengthen the recent trend of participating in the planning stage of development items:

"Rather than simply building equipment requested by a service, we will sometimes go to them to discuss the concept of equipment incorporating new technology." (Kubota)

"Civilian technology has developed greatly since the days when TRDI built things itself. And so new technology gets presented to the service with a request that they consider how to use it." (Endo)

Difficulty Involved in Technical Development

The deputy assistant directors general share a common view on the perception gap between developers and the user SDF services:

"Unless one fully understands the 'operational concept and operational environment' written between the lines in the operational requirements, it is not possible to convert them correctly to technical requirements, nor to develop the equipment the user wants. It is hard to do that conversion just talking around a table. That is the biggest difficulty for the technical officials and the developers, primarily the technical officer." (Kubota)

"On receiving requirements from a service, we study the technical risks in development and costs during regular production. The balance between the requirements on the one hand and the technical risks and production costs on the other are the most important elements, but sometimes the users add too many functions and ask for all sorts of things. This is completely different from the technician's awareness of risks and costs." (Eguchi)

"The ground equipment people have to defend a broad scope ranging 'from guns to butter.' It is characteristic that in order to have common sectors among different fields, it is especially important to have an exchange of views and technology between the users and technicians. Ideally the officer in charge would be present from the beginning of development through completion, but that is not possible in terms of personnel management. It is important, therefore, to maintain and continue the same basic way of thinking even though the officer in charge changes." (Ito)

"In the case of the new OH-X light observation helicopter, the perception gap between technicians and users was eliminated through daily coordination, group meetings, and technical inspections. The technicians naturally paid close attention to these exchanges. The users themselves could take part in modeling using the full-scale mockup, and the technicians themselves could experience very-low level flight in a flight simulator. In these ways, the greatest effort was put into mutual understanding.

"Terms like electronic warfare, C3I, [expansion unknown] and smart weapons have become commonplace now. Of course TRDI has taken up the challenge of such examples of the latest technology. The common element in these is the necessity of electromagnetic signals, but in a country with Japan's small area and intense economic activity, it is nearly impossible to acquire enough electromagnetic spectrum to develop them. Once the Ministry of Posts and Telecommunication [MPT] has been asked for a spectrum allocation, it sometimes takes a while to get approval, so it is necessary to act very early to avoid disrupting the development schedule. There are electromagnetic isolation chambers that can be used for testing with no electromagnetic restrictions, and these are very helpful. It is also necessary, however, to confirm effectiveness by testing in a real environment. The truth is that there are constraints on doing that." (Endo)

"Development is a long-range activity that often requires 10 years or more from formulation of the plan to completion of development. Over that period, there are constant back-and-forth changes in user requirements and technical capabilities. When the development plan is

formulated, there is a great effort to pay close attention to the constantly changing trends of technology and to incorporate technology that can still maintain its effectiveness when the equipment is deployed to the units. Not only that, it is necessary to give long-range consideration to expected life-cycle costs and the trade-off with performance and functions. Selecting the right 'technology' is a real headache." (Kubota)

"An image from basketball may be useful, in the sense that a team continues to work the ball back and forth while moving toward the goal. Naturally, development begins after adequate consideration of the technology that is necessary to achieve the operational requirements. But the user's image of the piece of equipment becomes more concrete as development progresses, and there are also changes in the external situation and sometimes differences of opinion with the user become apparent, so coordination takes a lot of work." (Kubota)

Relations with the Defense Industry

In the course of development, the work of fabricating actual samples is done under contract by what is called the defense industry. We asked about the relationship with this defense industry.

"Since TRDI concentrates on applied R&D, we rely on the accomplishments of private enterprises for the basic technology that is a base for building things. In the case of guided weapons, that is how it is with things like semiconductor chips and infrared sensors. (Eguchi)

"In the world of guided missiles, improvements are made to existing equipment by using advanced sensor technology. One example of that is the new, dual anti-ship/antitank missile completed in 1995 and incorporating such technology as optical fibers and infrared image guidance. Of course, development cannot be done using just the accomplishments of private enterprises. There is also technology that must be independently researched and developed defense technology. It is not unusual to gather together dozens of technicians on a single development project. But there is no way the Defense Agency can take care of them after the project ends. That is an unhappy situation." (Endo)

"It is common knowledge in this world that once a group that joined to build something is disbanded, there is no way to regain that level of technical strength. One has to start again from scratch. After a project ends, sometimes years go by before the next one starts. Trying to maintain technicians at such times is a great effort." (Ito)

Investment in the defense industry is directed at capital equipment, not just people. The situation is different

in different types of industry, but in cases where there is little demand except for defense, such as artillery or ammunition, the reality is that the burden for equipment has to be met through development costs. Although the words were different, the hope was repeatedly expressed that, in full awareness of this difficult situation, efforts would continue to be made to maintain the defense technology base.

Future Technology Development

It has been said before, but technical development is the work of applying new technology to build equipment that will be of use to the user. But whether or not a model will truly be useful cannot be known without testing and evaluation. That is one of the major responsibilities of TRDI as a whole.

These days, when weapons systems have become larger and more complicated, the strengthening of testing and evaluation capabilities has become a new task of technical development. TRDI has increased its budget for testing and evaluation facilities and equipment, but each of the deputy assistant directors general expressed an awareness that it is not at all easy to guarantee the confirmation of high performance by that means. In addition to the problem of restraints on ranges to fire and test artillery and missiles, there are limited personnel to staff laboratories and proving grounds, which makes it difficult to implement the testing and evaluation.

Accordingly, in the same way that technical development officers have a great responsibility for the concepts of future equipment, they play an important role in the final testing stage.

North Korea

DPRK Daily Denounces U.S. Rimpac Exercise as Aimed at DPRK

SKD406100996 *Pyongyang KCNA in English*
1003 GMT 4 Jun 96

["Rimpac" and Asia-Pacific Strategy of U.S." — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The U.S.-led joint military manoeuvres dubbed Rimpac 96 began on the Pacific ranging from Hawaii to Guam Island on May 22.

NODONG SINMUN today carries a signed article captioned "'Rimpac' and Asia-Pacific Strategy of U.S." in this regard.

"Rimpac", an important means of the Asia-Pacific strategy of the United States, is of new noteworthy features and aspects in recent years after the end of the

Cold War as well as the confrontation between the East and the West, the paper says, and continues:

Above all, the scope of the manoeuvres increased and the target and mission have changed.

The purposes of the manoeuvres are mainly military threat to some countries in Asia and operations of armed interference at present.

Operations in the open seas that used to be staged within the framework of the manoeuvres have changed into those in the offshore areas, including landing operation and quick movements to "hot spots".

In particular, it must not go unnoticed that the main target of the manoeuvres is the Democratic People's Republic of Korea. In other words, the manoeuvres were directed against the Soviet Union in the period of the Cold War. But, they direct the spearhead of attack at Korea in a bid to stifle it.

The manoeuvres are for another Korean war. This is clearly illustrated by the involvement of the U.S., Japan and South Korea in them. The aggressive triangular military alliance of the U.S., Japan and South Korea is steadily set in motion against the DPRK.

The typical example was that at the time of the "Rimpac 94" manoeuvres the U.S., Japan and South Korea staged landing operations, special unit operations and air surprise assault operations simulating military attack at the DPRK.

This time, too, they are staging exercises of attack at the DPRK, including landing operations and sea lane blockade exercises, to cope with the "event of contingency" on the Korean peninsula.

That the manoeuvres are for another Korean war is also illustrated by the participation of the U.S. rapid reaction force in them, a force that will be mobilised in the "event of contingency" in the Korean peninsula.

Involved in the manoeuvres is a U.S. fleet with the Yokosuka-based aircraft carrier Independence as the flagship.

The aircraft carrier is the U.S. naval mobile force the main duty of which is for Korean war.

The Rimpac joint manoeuvres are, in a nutshell, serving as a means for a war of aggression in Korea.

The manoeuvres are rendering the situation on the Korean peninsula more strained and endangering peace and security in the Asia-Pacific region.

DPRK: Report on Arrival of U.S.-Resident Korean in DPRK

*SK0406105796 Pyongyang KCNA in English
1021 GMT 4 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — Son Won-tae, a U.S.-resident Korean, and his party arrived here today.

They were met at the airport by Choe Sang-sun, deputy director of the Party History Institute of the Central Committee of the Workers' Party of Korea.

DPRK: Meetings of Regional Antiregime Student Groups in ROK Held

*SK0206090296 Pyongyang KCNA in English
0743 GMT 2 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 2 (KCNA) — Inaugural ceremonies of regional student organisations were held in South Korea.

An inaugural ceremony of the fourth-term Seoul, Northern District Federation of University Student Councils (Pukpu Chongnyon) which was held on May 9, adopted a resolution calling for overthrowing the Kim Yong-sam "regime", a "regime" of murder, corruption and violence.

The chairman of Pukpu Chongnyon in his speech called for struggling to overthrow the Kim Yong-sam "civilian" fascist "regime", get the U.S. imperialists withdrawn and found a unified state whose master is people.

An inaugural ceremony of the Kangwon Provincial Federation of University Student Councils (Kang-chongnyon) which was held on May 10 and 11 adopted a declaration calling upon 60,000 students under Kang-chongnyon to fight against the present "regime" to the end following the will of a number of young people who have become victims since the military regime.

At the ceremony a lecture concerning reunification was given and "unification school" was performed.

DPRK: Hong Song-nam Meets PRC Economic Delegation 4 Jun

*SK0406105696 Pyongyang KCNA in English
1020 GMT 4 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — Vice-Premier Hong Song-nam met and had a friendly talk with the Chinese Government economic delegation led by Shi Guangsheng, vice-minister of foreign trade and economic cooperation, at the Mansudae Assembly Hall today.

Present there were Yi Song-nok, vice-chairman of the State External Economic Affairs Commission, and Sui Xiudong, charge d'affaires ad interim of the Chinese Embassy in Pyongyang.

DPRK, PRC Sign Protocol on Science, Technology

SK0106145996 *Pyongyang Korean Central Broadcasting Network in Korean* 1300 GMT 1 Jun 96

[FBIS Translated Text] The PRC and DPRK Governments signed a protocol at the 35th meeting of the Scientific and Technological Cooperation Committee between the two in Beijing on 31 May.

Kim Ung-ho, DPRK chairman of the DPRK-PRC Scientific and Technological Cooperation Committee and vice president of the DPRK Academy of Sciences, and Han Deqian, PRC chairman of the PRC-DPRK Scientific and Technological Cooperation Committee and vice minister of the PRC State Science and Technology Commission, signed the protocol, representing their respective governments. Chu Chang-chun, DPRK ambassador to the PRC, was also present.

DPRK Foreign Ministry Delegation Departs for PRC 4 Jun

SK0406102996 *Pyongyang KCNA in English* 1020 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — A delegation of the DPRK Foreign Ministry led by Choe U-chin, vice-minister, left here today for a visit to China.

DPRK Radio Reports Russian State Duma Speaker's 28 May Interview

SK0306021196 *Pyongyang Korean Central Television Network in Korean* 1100 GMT 29 May 96

[FBIS Translated Text] His Excellency Gennadiy Seleznev, speaker of the Russian State Duma, held an interview with reporters at the Mansudae Assembly Hall on 28 May. The interview was attended by reporters from newspapers, news agencies, and broadcasting stations in Pyongyang city as well as foreign reporters stationed in our country.

In the interview, the speaker stressed that the two countries should strengthen bilateral cooperation in the economic field, stating that "during my stay in the DPRK, I met leaders of your country and exchanged views on the situation of the Korean peninsula, the international situation, and relations between the two countries."

He referred to the Russian political situation in detail and answered questions from the reporters.

DPRK: Yang Hyong-sop Heads SPA Delegation Visiting Latin America

SK0106224896 *Pyongyang KCNA in English* 0959 GMT 1 Jun 96

[FBIS Transcribed Text] Pyongyang, June 1 (KCNA) — A delegation of the Supreme People's Assembly of the Democratic People's Republic of Korea led by its Chairman Yang Hyong-sop left here today to visit Latin American countries.

The delegation was seen off at the airport by Paek In-chun, vice-chairman of the Supreme People's Assembly, and Cuban ambassador to Korea Jose Ramon Rodriguez Varona.

DPRK: Kye Ung-tae, Others Attend Cuban Leader's Birthday Banquet

SK0406045296 *Pyongyang Korean Central Broadcasting Network in Korean* 2200 GMT 3 Jun 96

[FBIS Translated Text] On 3 June, the Central Committee of the Workers Party of Korea [WPK] arranged a banquet on the occasion of the 63d birthday of Comrade Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of revolutionary armed forces of the Republic of Cuba.

Invited to the banquet were Cuban ambassador to our country and embassy officials, and other Cuban guests.

Also present at the banquet were Comrade Kye Ung-tae, member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Kim Kwang-chin, first vice minister of the People's Armed Forces and vice marshal of the Korean People's Army; Comrade Hwang Chang-yop, secretary of the WPK Central Committee; and functionaries concerned.

Comrade Kye Ung-tae delivered a speech at the banquet. He first said he warmly congratulates Comrade Raul Castro who greets his 63d birthday. Saying that Comrade Raul Castro is our old comrade-in-arms and comrade who is respected and beloved by our people as a talented political and military activist of the party, government, and the armed forces of Cuba, and as an indomitable communist, he listed Comrade Raul Castro's great contributions to defending the socialist gains. He then wished Raul Castro greater success in his work.

Comrade Kye Ung-tae continued to say that it is a revolutionary nature of the peoples of the two countries, who are indoctrinated by the party, that they will never vacillate no matter what obstacles may lie ahead of them. He said WPK and the people will do their best to develop traditional friendship and unity between the two

countries, the two parties, and the two armies under the leadership of the respected and beloved Comrade Kim Chong-il [kyongaehanun kimjongiltongji], upholding the lifetime intention of the respected and beloved leader Comrade Kim Il-song who deemed Cuba's revolutionary cause like his own.

Ambassador Jose Ramon Rodriguez Varona spoke next. He said he sincerely thanks the WPK Central Committee for arranging such a brilliant ceremony under the authorization of the great leader [widaehan yongdoja] Comrade Kim Chong-il. Commenting on the relations between the two countries, he said: We are very pleased with the solidarity expressed by you to our revolution whenever we are faced with the most difficult trials.

He then stressed: We are firmly convinced that we will always extend solidarity to you and will continue to support you in your struggle for the independent and peaceful reunification of the country, which was so deeply concerned by President Kim Il-song, the great leader of the Korean people, in his lifetime, and which has been continuously promoted under the wise leadership of Comrade Kim Chong-il.

He proposed a toast to the endless friendship between the peoples of the two countries; to the immortality of the great leader Comrade Kim Il-song's revolutionary ideas; to the long life and good health of Comrade Kim Chong-il, the leader [yongdoja] of our party and people; to the long life and good health of Comrade Fidel Castro, supreme leader of the Cuban revolution; and to the good health of respected Comrade Raul Castro Ruz who greets the 63d birthday.

DPRK: Kye Ung-tae Speaks at Party on Birthday of Raul Castro Ruz

*SK0406041696 Pyongyang KCNA in English
0243 GMT 4 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The Central Committee of the Workers' Party of Korea gave a party on June 3 on the 65th birthday of Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of the Revolutionary Armed Forces of the Republic of Cuba.

Speaking at the party, Kye Ung-tae, Politburo member and secretary of the WPK [Workers Party of Korea] Central Committee, said that as a talented political and military activist of the party, state and revolutionary Armed Forces of Cuba and as an indomitable communist, Raul Castro is our old comrade-in-arms and comrade who is loved and respected by the Korean people.

The course of the struggle and victory of the Cuban revolution is associated with the revolutionary stand and

energetic activities of Comrade Raul Castro who has worked hard to strengthen the party and the revolutionary Armed Forces and encourage the whole party, all the people and entire army into realizing the idea and leadership of the leader, he stressed, and said:

Raul Castro is always firmly trusted by the party, revolution, army and people of Cuba for his unfailing loyalty of a revolutionary to Comrade Fidel Castro, an outstanding leader of the party and people of Cuba, for his firm principle and devotion of a communist for the socialist cause against imperialism. Kye wished Raul Castro great success in his work.

Cuban Ambassador to Korea Jose Ramon Rodriguez Varona in his speech said that the life of Comrade Raul has been dedicated to defending socialism. He pointed out that Raul Castro has shown loyalty to the supreme leader of the Cuban revolution, carrying out the most difficult and hard tasks at all times.

Referring to the relations between the two countries, he said: "We are very pleased with the solidarity expressed by you to our revolution whenever we are faced with the most difficult ordeals. "And we are firmly convinced that we will always extend solidarity to you and will in the future, too, support you in the struggle for the independent and peaceful reunification of the country which was so deeply concerned by Comrade President Kim Il-song, the great leader of the Korean people, in his lifetime and which has been continuously promoted under the wise guidance of Comrade Kim Chong-il."

DPRK: Yemeni Foreign Ministry Delegation Arrives

*SK0106225196 Pyongyang KCNA in English
1000 GMT 1 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 1 (KCNA) — A delegation of the Yemeni Foreign Ministry led by its Vice Minister Abdu 'Ali Abd-al-Rahman arrived here today.

The delegation was greeted at the airport by Kim Chang-yong, vice-minister of foreign affairs, and Mohamed 'Ali Ahmed al-Khamry, charge d'affaires ad interim of the Yemeni Embassy in Pyongyang.

DPRK: Yemeni Delegation Honors Kim Il-song

*SK0206090096 Pyongyang KCNA in English
0740 GMT 2 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 2 (KCNA) — A delegation of Yemeni Foreign Ministry led by its Vice-Minister Abdu 'Ali Abd- al-Rahman laid a floral basket and made a bow before the Great Leader

President Kim Il-song's statue on Mansu Hill on June 1.

DPRK: WPK Delegation Returns From Malaysia 1 Jun

SK0106143296 *Pyongyang Korean Central Broadcasting Network in Korean* 1300 GMT 1 Jun 96

[FBIS Translated Text] The Workers Party of Korea [WPK] delegation led by Kim Yang-kon, vice director of the WPK Central Committee, returned home by plane on 1 June after participating in the celebrations marking the 50th anniversary of the founding of the United Malays National Organization of Malaysia.

At the airport, the delegation was received by Chi Chae-yong, vice director of the WPK Central Committee.

DPRK: Head of Pakistan Ruling Party Delegation Lauds DPRK, WPK

SK0206091896 *Pyongyang KCNA in English* 0749 GMT 2 Jun 96

[FBIS Transcribed Text] Pyongyang, June 2 (KCNA) — The Korean people respect the great leaders, His Excellency Kim Il-song and His Excellency Kim Chong-il, from the bottom of their heart for great feats they performed for the people, said Qayyum Nizami, political advisor to the chairwoman of the Pakistan People's Party and member of the Party Central Executive Committee, in a press conference here on Friday.

Guided by the great leaders, the Democratic People's Republic of Korea and its people are great, he said.

He noted that all the monumental edifices built by the Korean people are associated with President Kim Il-song's tremendous leadership feats and his revolutionary cause has been successfully carried forward by His Excellency Kim Chong-il.

Pointing out that the Workers' Party of Korea is a veteran party which has gained valuable achievements and rich experience in its activities, he said he has learnt a lot of things from the WPK's experience in party building.

He voiced the belief that the friendly and cooperative relations between the two parties and two countries will further expand and develop.

DPRK: Nigerian Head of State Praises Achievements of DPRK

SK0406105196 *Pyongyang KCNA in English* 1023 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The head of state of the Federal Republic of Nigeria,

Sani Abacha, stressed that all the achievements made by the Democratic People's Republic of Korea in the revolution and construction in the spirit of independence and self-reliance are the fruition of the wise guidance of the great leader Comrade Kim Chong-il.

The head of state of Nigeria, when he received a delegation of the DPRK Information Committee led by its Chairman Kim Chol-myong, on May 29 extended the heartfelt thanks to Comrade Kim Chong-il for giving strength and courage to them who are striving for the social stability and development in Nigeria and for paying deep attention to the development of the friendly relations between the two countries.

He wished Comrade Kim Chong-il greater success in his noble work of leading the DPRK.

DPRK Article Differentiates Socialism From Totalitarianism

962C0066A *Pyongyang NODONG SINMUN in Korean* 1 Mar 96 p2

[Article by Kim Hong-yong: "A Classic Work Engraving Faith in the Invincibility of Socialism on the Hearts of People"]

[FBIS Translated Text] Today we mark the third anniversary of the publication of the classic work by the great leader [yongdoja] Comrade Kim Chong-il "Vilification of Socialism Shall Not Be Tolerated."

On this occasion, all our party members and people, filled to overflowing with the great pride of making revolution under the leadership of a peerlessly great man, are seething with a revolutionary resolve to fight on to the last following, the path of socialism, holding aloft the red flag.

The writing put out by the great leader [yongdoja] Comrade Kim Chong-il on 1 March 1993 is an immortal classic work that thoroughly exposed the falseness and reactionary nature of the malicious, anti-socialist propaganda made by foes of socialism, giving full elucidations to fundamental questions and methods that are of basic significance in the defense and preservation of the socialist cause.

It proved scientifically and theoretically that slanders by socialism's foes accusing socialism of being a "totalitarian," "barrack-style" and "executive order-type" ideology are essentially the same old malicious propaganda against socialism which the successive generations of imperialists had engaged in, and that they are preposterous sophistries unworthy of comment. At the same time, it fully synthesized the inherent superiority of socialism, highlighting the ideology that in order for the

masses to defend and hold on to socialism, they need to build socialism into their faith and morality and embody the collectivist principle thoroughly in every realm of social life.

Meeting demand of the times, the classic work gave answers to urgent historical tasks. For this fact, and for the originality, validity, and profoundness of the ideological theories in it, it created a sensation and widespread admiration among our people and the world revolutionary peoples as soon as it came out. It has since been radiating greater brilliance daily as the immortal, militant banner spurring and inspiring the forward movement of socialism of our times.

The significance of the work lies, first of all, in that it serves as a powerful ideological weapon for shattering the malicious propaganda against socialism by imperialists and socialism's betrayers.

The great leader [Yongdoja] Comrade Kim Chong-il pointed out:

"It is sheer stupidity to vilify the new life of socialism by reviving old ideas already buried by history."

Taking advantage of the collapse of socialism in recent years that led to the revival of capitalism in a number of countries, imperialists are, in conspiracy with socialism's betrayers, engaged in malicious propaganda against socialism more viciously than ever. Thus, it became an urgent historical task to thoroughly expose and destroy anti-socialist sophistries of the foes of socialism.

The writing flawlessly elucidated—with iron logic—the falseness and reactionary nature of their sophistries vilifying socialism as being a "totalitarian," "barrack-style" and "executive order-type" ideology.

Such sophistries are a rehash of the old imperialist propaganda against socialism, and a product of their anti-socialist strategy.

At a historic time when socialism has made a turnaround as a mighty material force, imperialists are attaching greater importance to their strategy seeking socialist states' disintegration from within and are viciously maneuvering to that end.

Preposterous sophistries vilify socialism as being a "totalitarian," "barrack-style" and "administrative-type" ideology.

Basically, totalitarianism was the political ideology of the fascist dictators. The reactionary true nature of totalitarianism is that it sacrifices the interests of the masses to the avaricious interests of the reactionary ruling class under the pretext that the individuals should obey the whole. To accuse socialism—under which

the masses are the masters of everything—of being "totalitarian" is an out-and-out absurd sophistry putting the most progressive ideology reflecting the interests of the masses in the same light with the reactionary ideology of the fascist ruling cliques already rejected by history.

Mode of social life is defined by ideology and it varies by social system. Socialism, reflecting the inherent nature of man, is the most progressive of ideologies; the socialist system is the most advanced system enabling the masses to enjoy an independent and creative life to their heart's content. It is not the socialist but the capitalist system to suppress the independence and creativity of the masses. This shows that accusing socialism of being a "barrack-style" ideology is a malicious propaganda, which reverses black and white.

Vilifying socialism as being an "executive order-type" ideology is another absurd sophistry.

Generally, executive order-type administration is an outdated method of government in an exploitative society to ram through demands of the privileged class by coercion. In the capitalist society where the interests of the exploiting class and those of the masses are fundamentally opposed to each other, the state and social administration is done by executive orders from beginning to end; the masses are a mere object of administration and, as such, have no choices but to obey the orders. In contrast, in the socialist society the masses, as the masters of the state and society, occupy the master's position in management, performing the role of master. The basic characteristics of the management performed by the masses are that it gives priority to political work, and that the higher echelons help the lower and they co-operate with one another in a comradely manner. This is basically different from the bureaucratic method of management in the old society designed for coercion by executive orders. An executive order-type method that sprang up in the practice of socialism in the past did not originate in the inherent nature of socialism but was a vestige inherited from the exploitative society.

As the classic work thoroughly exposed the slanders against socialism by imperialists and socialism's betrayers as preposterous sophistries, their malicious propaganda inevitably headed for bankruptcy, and the ugly identity of socialism's betrayers as the lackeys of imperialists was fully unveiled.

The significance of the classic work also lies in that it led the revolutionary peoples fighting for socialism to develop a perfect understanding of the true socialism.

The path to socialism is an untrodden new path. Success of the socialist cause, in which everything must be

worked out for the first time, largely depends on how scientific the ideological theories elucidating the true features of socialism—and the shown method to realize them—are. Socialism collapsed in many countries just because of the lack of a correct guiding ideology and theory. This tragic development resulted in the urgent demand that people be given an opportunity to have a correct understanding about the true socialism.

The classic work fully systematized and synthesized the inherent attributes and superiority of the socialist society as enunciated by the socialist ideology of *chuche*, with the masses of people in the center.

The socialist ideology of *chuche* makes it clear that socialism means the most advanced society in which the masses are the masters of everything and everything serves the interests of the masses, a society that develops boundlessly by the power of the united masses of people. Lying precisely therein are the inherent superiority of socialism and its true features.

Ideological theories contained in the classic work—on making the masses of people the true masters of government, and on the party and state bearing full responsibility for and guaranteeing the livelihood of the people, consolidating the unity and solidarity of the whole society, thoroughly exercising the political leadership and the centralized, planned guidance for the socialist economy, and adhering to socialist ownership—lead the revolutionary peoples to the most correct understanding about what the true socialism is and how to build it.

Especially, its comprehensive, in-depth analyses of biases observed in the building of socialism in various countries, as well as of their grave consequences, provided a firm ideological basis on which to lead the general socialist movement on a correct new line.

Thanks to the ideological theories elucidated in the classic work, the revolutionary peoples have courageously launched into a struggle to revive socialism with newly-found confidence and optimism. And this extraordinarily enhanced the national pride and confidence of our people living and making revolution under the most superior socialist system.

The significance of the classic work also lies in that it clearly elucidated strategies and tactics that should be strictly adhered to in the struggle to defend and hold on to socialism.

Defending and adhering to socialism has become an extremely important issue linked to the destiny of mankind.

The classic work fully elucidated fundamental tasks and methods for us to grasp firmly in defending and holding

on to the socialist cause and in advancing it victoriously. The superiority and strength of socialism is none other than the superiority and strength of its ideology. The ideological theory in it on conducting ideological remolding work vigorously and having all members of society build socialism into their faith and morality represents the most correct guiding principle based on scientific analyses of the inherent nature of socialism and the historical lesson of socialist construction.

At the same time, the classic work highlights the ideology that the collectivist principle must be embodied thoroughly in every realm of social life to shatter all kinds of vilification by socialism's betrayers and to defend and adhere to the socialist cause. The struggle between socialists and socialism's betrayers is a struggle between socialism based on collectivism and capitalism based on individualism. The essence of socialism lies, through and through, in collectivism; the source of its superiority and vitality also lies in collectivism. Only collectivism makes it possible to correctly combine the interests of the social collectives and those of the individuals, and to pursue both simultaneously with no hitch. To deviate from the collectivist principle, by whatever way, only means driving the society into division and confrontation.

Socialism's betrayers are distorting facts by arguing that socialist collectivism views the collective interests as something absolute and sacrifices the individual interests to them. Truth cannot be concealed nor stifled, however. It is not socialist collectivism but bourgeois individualism that encroaches upon the individual interests. The fact that the bourgeois individualism infringes upon the interests of all the working people just for the sake of a handful of exploiters shows the intrinsic nature of bourgeois individualism.

Today, all our people, forming one socio-political life closely united around the party and the leader, are bringing the ethos of collectivist life based on comradely love and revolutionary integrity into full play in all realms of social life. This reality of our way of socialism bears vivid testimony to the fact that socialist collectivism is precisely the most superior principle of social life guaranteeing the masses an independent and creative life.

Indeed, the deeper we grasp the substance of the classic work, the greater becomes our admiration at the extraordinary ideological and theoretical wisdom of the great leader [*yongdoja*] Comrade Kim Chong-il, who instantly sees through the real substance of any complicated, tangled-up situations and flawlessly elucidates strategies and tactics for deepening and

developing the socialist movement on new scientific foundations.

It is the faith and will as hard as a rock in the hearts of us all that the great leader [yongdoja] Comrade Kim Chong-il precisely is a great man of extraordinary caliber embodying the faithfulness to the socialist cause at the highest possible level and leading the forward movement of socialism of our times to brilliant victory, and the staunchest defender of the socialist cause.

All party members and the working people will arm themselves thoroughly with the ideological theories shown in the classic work and embody them brilliantly and, by doing so, put themselves together closely around the great leader [yongdoja] Comrade Kim Chong-il, hold aloft the red flag and move forward vigorously, vigorously demonstrating the revolutionary mettle of socialist Korea.

DPRK: 40th Anniversary of Pyongnam Irrigation System Marked

*SK3105222196 Pyongyang KCNA in English
0824 GMT 31 May 96*

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Korea observed the 40th anniversary of the completion of the Pyongnam irrigation system.

It waters the Yoltusamcholli Plain, a granary on the west coast of Korea. It is known as the "first son" of the irrigation of the country.

Considerate of the centuries-old desire of the peasants for water, the Great Leader President Kim Il-song unfolded the operation for the Pyongnam irrigation project in the summer of 1946, right after the liberation of the country, and then visited the construction site on several occasions and indicated the concrete orientation. But on the eve of the completion the project ceased, all its facilities being destroyed by the barbarous bombing of the enemy during the Fatherland Liberation War (June 1950-July 1953).

In the postwar difficult period the president proposed to restart the project and wisely led it so that it could be completed in a short span of time.

Inspecting the facilities of the irrigation system completed on May 30, 1956, he named a reservoir Lake Yonpung (continuous bumper crop), saying that bumper crops will visit the Yoltusamcholli Plain every year.

Lake Yonpung, with the water of the River Taedong as its source, waters more than 100,000 hectares of fields, greatly contributing to harvesting bumper crops every year, not affected by drought.

Korea has turned into a "country of irrigation" through extensive irrigation projects, large and small, in the Singye, River Amnok area and other places on the basis of the achievements in the Pyongnam irrigation project.

A rally of members of the Union of Agricultural Working People of Korea and other agricultural working people took place on the spot on May 30, 40 years since President Kim Il-song inspected the completed Pyongnam irrigation facilities.

DPRK Ceremony Marks Anniversary of Opening of Mt Paektu Site

*SK0406102696 Pyongyang KCNA in English
1018 GMT 4 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — A national meeting was held at the 6,000-seat theatre of the April 25 House of Culture here today upon the lapse of 40 years since the great leader Comrade Kim Chong-il opened up the course of excursion to the Mt. Paektu revolutionary battle sites.

Placed on the platform of the theatre were portraits of the great leaders President Kim Il-song and Comrade Kim Chong-il.

The meeting was attended by Vice-President Yi Chong-ok and Minister of the People's Armed Forces Choe Kwang, who are members of the Political Bureau of the Central Committee of the Workers' Party of Korea (WPK), and other senior party and state officials and working people in the city.

Also present at the meeting were overseas compatriots who were staying in the socialist homeland.

The meeting was addressed by Choe Tae-pok, alternate member of the Political Bureau and secretary of the C.C. [Central Committee], WPK.

In June 1956 Comrade Kim Chong-il initiated an excursion to revolutionary battle sites in Mt. Paektu area and led the excursion group.

The Mt. Paektu area is associated with imperishable revolutionary feats performed by President Kim Il-song in triumphantly leading the anti-Japanese revolutionary struggle. So, Mt. Paektu is the holy mountain of revolution, which is symbolic of the WPK's revolutionary tradition.

Choe Tae-pok said:

Since the course of excursion was opened up, an epoch-making milestone has been set in steadfastly defending the glorious revolutionary tradition of the

WPK established by the great leader Comrade Kim Il-song, keeping it pure and carrying forward the cause of the Korean revolution.

The start of the excursion to the battle sites by the great leader Comrade Kim Chong-il was an event of weighty significance in arming the people with the revolutionary spirit of Mt. Paektu and inheriting the revolutionary tradition established on the mountain.

The excursion made by the respected Comrade Kim Chong-il at the age of 14 marked a great occasion which demonstrated his indomitable will to continue the march made by Comrade Kim Il-song in 20 years of the hard-fought anti-Japanese struggle, after setting on the road of revolution with a great ambition to restore the homeland.

He gave an exposition of the historic position of Mt. Paektu on which the cause of *chuche* was started. On that basis, he made sure that the ridge of the mountain was the destination of the first excursion to revolutionary battle sites so that through the excursion the unshakable will of the WPK and the Korean people to defend and carry forward the revolutionary tradition of Mt. Paektu might be demonstrated.

Over the past four decades he has energetically guided the efforts for keeping the WPK's revolutionary tradition pure and further develop it and providing a definite guarantee for a triumphant progress of the revolutionary cause of Korea.

Under his far-reaching plans and outstanding leadership, Yanggang Province centred on Mt. Paektu has turned into a large open-air museum showing the greatness and profundity of the revolutionary tradition and the whole of the country has been converted into a centre of education in the revolutionary tradition.

The revolutionary tradition of *chuche* established by Comrade Kim Il-song has been successfully inherited and further developed and enriched by Comrade Kim Chong-il.

DPRK: Kim Chong-il Thanks Officials, Workers for Helping Army

SK0306040096 *Pyongyang KCNA in English*
0308 GMT 3 Jun 96

[FBIS Transcribed Text] Pyongyang, June 3 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials and working people of the Potonggang Garment Factory of Pyongyang, the Pyongyang Children's Foodstuffs Factory, the Munsu Health Complex and other units for setting examples in assisting the People's Army.

He also thanked exemplary extraofficial lecturers of Pyongyang.

From the beginning of 1992, these thirteen meritorious people, determined to contribute to bringing up the rising generation to be revolutionaries boundlessly loyal to the party and the leader, have given lectures on more than 1,000 occasions and provided thousands of pieces of reference data for study and visual aids so that other lecturers can make use of them.

DPRK: Chongsu Revolutionary Site Honors Kim Hyong-chik

SK0406043696 *Pyongyang KCNA in English*
0255 GMT 4 Jun 96

[FBIS Transcribed Text] Pyongyang, June 4 (KCNA) — The Chongsu revolutionary site is a time-honored place which is associated with the revolutionary history of Kim Hyong-chik.

Kim Hyong-chik (July 1894-June 1926) is an outstanding leader of the Korean national liberation movement and a great pioneer of conversion into the communist movement from the nationalist movement.

The revolutionary site is located in Sakju County, North Pyongan Province, in the northwest part of Korea. He held historical Chongsudong meetings twice here (November 1918 and July 1919).

The meetings put forward the policies of rapidly restoring the destroyed organisations of the Korean National Association (an anti-Japanese underground revolutionary organisation formed in Pyongyang in March 1917), firmly uniting the broad proletarian masses around the organisations and leading them to the struggle.

The undying revolutionary feats of him who devoted his all only to the independence of Korea with the idea of aim high are becoming textbooks to educate the working people and the rising generation.

The people in Sakju County have well arranged the Chongsu revolutionary site to the original state in order to convey his patriotism and loyalty to the posterity. His statue was erected on the occasion of his 100th birth anniversary. It represents him putting forward the proletarian revolutionary line, wearing a Korean overcoat. On its side are a historic monument and a museum consisting of a general review room and seven rooms.

Exhibited there are data of the activities of Kim Hyong-chik who visited Chongsu on several occasions from 1912 to 1921. Preserved in the revolutionary site are a site of a Chongsudong meeting, Ilisin School, a home of a peasant in Pam village, places where he gave

anti-Japanese lecture and spoke before young people, Yongso Rock, Kyolsung Hill, a spring and other relics.

Kim Hyong-chik is the father of the great leader President Kim Il-song.

Today an endless stream of working people from all walks of life and youth and students across the country are visiting the revolutionary site.

DPRK: NODONG SINMUN on Kim Il-song Higher Party School

*SK0106151496 Pyongyang KCNA in English
0948 GMT 1 Jun 96*

["Great Leadership for Training of Party Officials" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 1 (KCNA) — NODONG SINMUN today carries an article contributed by Yi Chang-hwa, first vice-president of Kim Il-song Higher Party School, on the occasion of its foundation (June 1, 1946).

Kim Il-song Higher Party School is a cadre training centre of the Workers' Party of Korea for party officials.

The Great Leader President Kim Il-song established the school following the founding of the party under the grim circumstances soon after liberation. And he brilliantly embodied the idea and tradition of training cadres of revolution provided during the anti-Japanese revolutionary struggle and led the work of training party officials along the road of victory and glory.

The respected Comrade Kim Chong-il has brilliantly defended the idea and exploits of the chuche-oriented training of party officials of President Kim Il-song and has energetically led the work of training party officials to make progress to meet the new requirement of modelling the whole party and society on the chuche idea.

Kim Il-song Higher Party School has brought up many party officials boundlessly loyal to the party and revolution over the 50 years since its foundation. Thus it has greatly contributed to building the WPK. This is entirely thanks to the wise leadership of President Kim Il-song and the Dear Leader Comrade Kim Chong-il, who led the work of training party officials to brilliant victory, the article stresses, and adds:

They saw that the school brought up party officials boundlessly loyal to the party and revolution and equipped with high political and practical qualifications.

They also ensured that the students could have a strong party spirit so as to become resolute revolutionaries of

the chuche type who fight it out with a firm confidence under any adversity for the party and leader.

DPRK: Children Live 'Happy Life' as 'Kings' of DPRK

*SK0106144496 Pyongyang KCNA in English
0943 GMT 1 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 1 (KCNA) — The Korean children live a happy life as "kings" of the country.

The 3.5 million children are growing up at more than 60,000 nurseries and kindergartens throughout the country at state and public expenses.

The Great Leader President Kim Il-song, who had considered the upbringing of children to be an important matter related to the future of the country and the nation and the prospect of the revolution from the beginning of his revolutionary activities, elucidated unique ideas of bringing up and educating children on the basis of rich experience and tradition he gained in the period of the anti-Japanese revolutionary struggle.

He had the law on nursing and upbringing of children enacted in April 1976 and codified the already established progressive system of bringing up and educating children to always ensure their happiness.

The Great Leader Comrade Kim Chong-il, who has fully inherited the ideas of the president and his love for children, has clearly indicated the ways of bringing up the children as required by the developing revolution and wisely guided the efforts for their implementation.

He, who spares nothing for the children, saw to it that the Pyongyang maternity hospital with a floor space of 60,000 square metres and other moderny-equipped medical service establishments for children were built. He has also paid deep concern to the children's health and made sure that many children's books and movies have been produced and toy factories built. Children's department stores, children's parks with fun fairs and shops for supplies to nurseries and kindergartens can be seen in all parts of the country.

The state earmarks a large amount of money to the upbringing and health improvement of the children.

Triplets in Kimhwa County, Kangwon Province, received medical benefits worth more than 66,000 won and quadruplets in Nampo Municipality more than 120,000 won during their days in the Pyongyang Maternity Hospital.

Under the deep loving care by the Workers' Party of Korea and the state, many talented children have distinguished themselves.

DPRK: Kim Chung-nin at International Children's Day Fete

SK0106224496 *Pyongyang KCNA in English*
0957 GMT 1 Jun 96

[FBIS Transcribed Text] Pyongyang, June 1 (KCNA) — A friendship gathering was held between Korean women and children in the city and foreign women and children at Mangyongdae fun fair today, the 46th anniversary of the June 1 International Children's Day.

Present there were secretary of the Central Committee of the Workers' Party of Korea Kim Chung-nin, Chief Secretary of the Pyongyang Municipal Committee of the WPK Kang Hyon-su, who is also chairman of the Pyongyang Municipal People's Committee, and Minister of Finance Yun Ki-chong.

Invited to the gathering were wives of foreign diplomatic representatives to Korea and other foreign women and children.

The participants played "running while kicking a ball," "picking toys," "tug of war," "seeking for designated persons" and other sports and games, deepening the feelings of friendship.

They also spent a pleasant day using the fun fair facilities.

South Korea

ROK Foreign Ministry Denies Reports U.S. Law Revised for DPRK

SK0406085896 *Seoul YONHAP in English*
0743 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — The Foreign Ministry on Tuesday denied reports that the United States Government revised its laws so it could provide rice aid to North Korea under Public Law 480 [PL480].

"U.S. officials recently explained that the Federal Agricultural Improvement Law 1996 was revised so money could be provided to international organizations like the United Nations World Food Program (WFP) to help them launch surveys for assistance projects," Director-General Yu Myong-hwan of the Ministry's American Affairs Bureau said.

"It's not true that the revision allows the U.S. Government to funnel money from PL480 to North Korea," he said.

The PL480 itself has its own regulations which permit emergency assistance to foreign countries, including North Korea or any other country, as well as aid to its allies, according to Yu.

The United States planned to appropriate money from PL480 for food aid to North Korea last January but was thwarted by South Korea. Seoul insisted at that time that the provision of money from PL480 may carry some political implications in that the money has traditionally been used for aid to U.S. allies.

ROK To Discuss Possible Food Aid to DPRK With U.S., Japan

SK0406112696 *Seoul YONHAP in English*
1106 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — The government plans to discuss with the United States and Japan the issue of food assistance to North Korea soon after international organizations make public a report on North Korea's food situation and appeal for food assistance to the famine-threatened communist country.

"Coordination of opinions regarding the food aid issue will be essential even though the expected provision of foods to the North will be on humanitarian grounds," a Foreign Ministry official said Tuesday.

The UN Department for Humanitarian Affairs (UNDHA) and a couple of other specialized UN agencies are expected to appeal on UN member countries in the middle of this month for participation in a 50- million-dollar food aid for North Korea.

The official said his government's stand is that it won't object to small-scale assistance from allies to North Korea. "But, large- scale assistance will be something different and should, therefore, be handled separately," he said.

The Seoul government, too, would study whether to furnish some assistance to the North if and when formally requested by international organizations, the official added.

ROK Government Reviews International Food Aid Drive for DPRK

SK2205102996 *Seoul MUNHWA ILBO in Korean*
22 May 96 p 1

[Report by Yi Pyong-son]

[FBIS Translated Text] The government, judging that there is a great possibility that the international community, including the United States and Japan, will provide food aid to North Korea in June when North Korea's food situation will worsen, has begun to map out measures for such an international movement.

On 22 May, a relevant high-ranking government official stated that "the government assumes that the UN Department of Humanitarian Affairs, UNDHA; and the World Food Program, WFP, based on the result of their field survey of North Korea, will appeal to the international community for the second food aid drive for North Korea in early June. Prompted by this, the United States and Japan will likely join in the aid, despite the agreement reached by the ROK, the United States, and Japan during the high-level policy consultation talks held in Cheju on 13 and 14 May."

Another government official revealed that "the U.S. Government recently dispatched a U.S. State Department official to North Korea to survey its real food situation."

Meanwhile, some observers say North Korea will make public its affirmative position toward the four-way talks in early June. Thus, there is a great possibility that the issue of additional rice aid will be linked to the four-way talks.

On the afternoon of 21 May, the Foreign Ministry held an emergency meeting chaired by Foreign Minister Kong No-myong and attended by relevant working-level officials, including First Assistant Minister Chong Tae-ik and Yu Myong-hwan, director general of the American Affairs Bureau, and discussed measures to cope with this.

The participants stated that in the event each nation joins in giving food aid to North Korea in response to the appeal of the UNDHA and WFP, our unilateral opposition to the aid may fail to be persuasive. This being the case, they agreed that adequate positive countermeasures are necessary.

Accordingly, it was learned on 22 May that the government began to review whether to continue to maintain the three principles it put forward as preconditions for food aid to North Korea, namely the holding of talks on the Korean peninsula, dialogue between authorities, and North Korea's suspension of smear and slander of the South.

In particular, discussions have reportedly focused on whether to continue to adhere to the precondition of holding talks on the Korean peninsula.

On 22 May, a relevant government official pointed out that "an expert from the U.S. Agency for International Development, USAID — a subordinate organization of the U.S. State Department — accompanied the WFP to North Korea for the survey of its food situation, and returned recently." The official added that "the WFP's survey report will be made public in early June."

This official stated that "the UNDHA also sent staff members to North Korea. They are now conducting a field survey there. Thus, there is a great possibility that these international organizations will jointly appeal to the international community for a second food aid drive to North Korea in early June."

ROK: Police To Probe Churches' Giving Rice Aid to DPRK

SK3005070596 Seoul YONHAP in English
0629 GMT 30 May 96

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — Police plan to investigate the allegation that some churches have offered grain aid to North Korean flood victims if asked to do so by the National Unification Ministry.

Reports had it that some churches affiliated with the Korea Evangelical Fellowship, a pan-denominational Christian organization, have recently provided the North with rice and other grain on two occasions.

"Should the reports be true, the act is a clear violation of the law and regulation concerning the inter-Korean exchange and cooperation," an official from the National Police Agency's public security bureau said Thursday. "We'll investigate the case as soon as we are requested to do so by the National Unification Ministry."

The ministry issued a warning to the Korean Evangelical Fellowship in April not to send grain to the North again and at the same time asked the police to prevent the Christian organization from waging a street campaign for rice aid for North Korea.

Private relief organizations have been urged by authorities to channel their relief assistance to North Korean flood victims through the Korean National Red Cross.

ROK Government, Christian Groups Collide Over Rice Aid to DPRK

SK3105013996 (Internet) The Digital Chosun Ilbo
WWW in English 1159 GMT 30 May 96

[FBIS Transcribed Text] Confrontation is developing between the government and Christian groups regarding an investigation by police of the South Korean Association of Evangelism which purchased rice and sent overseas to North Koreans through international channels. An official of the Ministry of National Unification said Thursday that grant assistance and an exchange of goods to North Korea should be subject to government approval and that rice assistance to the North through international organizations was clearly illegal and would result in an exercise juridical jurisdiction.

At this time, ten or so private organizations as well as civic groups are strongly asking the government to provide rice assistance to North Korea. The Union of Democratic National Unification Association has gathered 100 sum of rice and organized a rally at Pagoda Park last Saturday to pressure the government to give assistance to the North. Christians are countering the government position by saying that it is barbaric behavior to block a purely religious execution of love and assistance.

It is known that the government is discreetly studying measures such as letting private organizations participate in grain assistance to North Korea led by the United Nations or other international organizations or permit small-scale grain assistance by private organizations.

ROK: Taiwan Considering Providing 20,000 Tons of Rice to DPRK

SK0206010396 Seoul YONHAP in English
0045 GMT 2 Jun 96

[FBIS Transcribed Text] Hong Kong, June 2 (YONHAP) — North Korea recently requested that Taiwan provide it with 100,000 tons of rice in aid to help North Koreans manage the current food crisis, Taiwanese officials said Sunday.

The Taipei government, however, was considering offering 20,000 tons of rice, the same amount as China promised to provide the North May 21 when a senior North Korean official visited Beijing, they said.

Taiwan wants North Korea to allow a liaison office or a trade representative office of Taipei in Pyongyang, according to the officials.

Officials of the Taiwanese Government are contacting North Korean officials on the possibility of the rice aid.

Taiwan will demand that North Korea guarantee that the rice aid will not be funneled to military use.

North Korea also asked for Taiwanese businessmen to build electronic and clothing factories in Nampo industrial complex jointly with North Korean firms, the officials said.

ROK: MNU: DPRK Economic Recovery Unlikely Without Outside Help

SK0406090696 Seoul YONHAP in English
0728 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — North Korea, due to chronic economic difficulty, is expected to be unable to recover economically without outside help, a senior government official observed Tuesday.

"The North is thought to have registered minus 4 to 5 percent economic growth last year," said Vice National Unification Minister Song Yong-tae. "With its economic growth rate averaging minus 4.5 percent annually since 1990, North Korea has been virtually deprived of the capacity to recover without outside help."

Song made the remarks in a report entitled "Recent Inter-Korean Relations and Direction of Unification Policy" he delivered at a meeting of the Advisory Council on Democratic and Peaceful Unification, at the Sejong Culture Center in downtown Seoul.

North Korea's economic growth recorded minus 3.7 percent in 1990, minus 5.2 percent in 1991, minus 7.6 percent in 1992, minus 4.3 percent in 1993 and minus 1.7 percent in 1994, according to the National Unification Ministry [MNU].

Song attributed the economic recession in the communist country to four major factors: factories operating at as low as 30 percent capacity due to energy and fuel shortages, reduced trade, termination of more than 70 percent of Pyongyang's preferential trade accounts due to the collapse of the socialist block, and excessive military expenditures.

Crude oil inflow into the North last year amounted to 1.1 million tons, less than half of the 2.47 million tons imported in 1990, while the scale of its total trade last year declined to 2 billion U.S. dollars as compared with 5.3 billion dollars registered in 1988, according to Song.

Construction budget shortages have forced Pyongyang to suspend most of its large-scale economic construction projects including the East Pyongyang Thermal Power Plant, Sunchon Vinyl Plant, and Sariwon Fertilizer Plant projects, Song added.

Regarding the food situation in the North, Song maintained that it can hardly be regarded as critical.

Last year the North's 3.45 million-ton grain harvest fell far short of 6.73 million tons it will need this year, Song noted. But he cited Pyongyang's policy of reducing food rations by 22 percent, a rice reserve of 1.2 million tons, and produce from summer relief crops like potatoes to support his assessment.

ROK: Reduced Chongnyon's Remittances Said Causing 'Discord'

SK2305065496 Seoul SEOUL SINMUN in Korean
23 May 96 p 6

[Report by Ku Pon-yong]

[FBIS Translated Text] It was learned on 22 May that remittances to North Korea by the pro-Pyongyang

General Association of Korean Residents in Japan [Chongnyon] have drastically decreased this year, causing significant discord between the North Korean authorities and Chongnyon-affiliated businessmen.

Business companies affiliated with Chongnyon are extremely reluctant to do business with North Korea, said ROK Government authorities and officials of the pro-Seoul Federation of Korean Residents in Japan [Mindan], who are now visiting the ROK to attend a meeting of Japan-residing members of the Advisory Council on Democratic and Peaceful Unification.

An ROK Government official said that "Chongnyon businessmen reportedly donated 400 million yen to 500 million yen to North Korea in 1995 to help build infrastructures in the Najin-Sonbong region," adding that "North Korea used the money in building a monument to party founding and other structures, and Chongnyon businessmen are critical of this."

A Mindan official said that "young Chongnyon members, in particular, have tended to be critical of North Korean-style socialism since Kim Il-song died," adding that "young Chongnyon businessmen have come to have a practical view on North Korea, giving priority to business rather than ideology."

ROK: Russian Duma Speaker: DPRK Economy in 'Difficult Condition'

SK0406113296 Seoul YONHAP in English
1109 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — A high Russian official who has recently been to Pyongyang said Monday (3 June) in Moscow that the North Korean economy is in a difficult condition and the ration system fails to resolve food problems there.

According to the NAEWOE press Tuesday, Gennadiy Seleznev, president of the Congress of People's Deputies, told an interview in Moscow that North Korea suffered a tremendous material loss in last year's floods.

As a result, he said, the agricultural sector is such that the ration system alone is not able to meet the people's needs.

Saying that those economic facilities built with assistance from the former Soviet Union fail to function properly due to weakened Russia-North Korea relations, Seleznev said that of them, most crude oil and textile plants in particular do not operate.

He added that Russia has recently begun to turn attention toward Pyongyang and North Korea is reviewing the "new treaty provisions" prepared by Russia.

ROK: Russian Duma Speaker on Results of North Korean Visit

SK0406062496 Seoul CHOSON ILBO in Korean
4 Jun 96 p 6

[By reporter Hwang Song-chun from Moscow]

[FBIS Translated Text] Gennadiy Seleznev (49, Communist Party), speaker of the Russian State Duma, said on 3 June: "Part of North Korea's foreign debt to Russia should be reduced and exempted." At a news conference explaining the results of his visit to North Korea, Russian State Duma Speaker Seleznev urged: "We must strengthen military and economic cooperation with North Korea." He visited North Korea 26-29 May leading a delegation of the Russian State Duma.

Following is the gist of the news conference:

[Unidentified reporter] What were the main topics of discussion during your visit to the North?

[Seleznev] Most of them were related to matters of economic cooperation, including the issue of rehabilitating plants in North Korea, which were built with the former Soviet Union's cooperation.

[Unidentified reporter] Are there any measures to deal with North Korea's foreign debt of 3 billion ruble in hard cash to Russia?

[Seleznev] That was given to a small and weak country by the Soviet Union, a big power. At this juncture when North Korea is experiencing economic difficulties, we must partially reduce and exempt the North's foreign debt to Russia.

[Unidentified reporter] Please tell us about North Korea's economic situation.

[Seleznev] The amount of daily food ration has been reduced from 700 grams to 500 grams and it was even reduced to 300 grams in some places. It seems, however, that North Korea will be able to overcome its food crisis after the fall harvest and that the situation is not so serious that people starve to death.

[Unidentified reporter] What is North Korea's response to the four-way talks?

[Seleznev] North Korea said that it will make a decision after closely examining the intent of the United States. Our delegation conveyed regret that Russia was excluded from the four-way talks.

**ROK Daily Views Possibility of Improved
DPRK-Russia Relations**

SK0306122296 Seoul HANGYORE SINMUN
in Korean 3 Jun 96 p 4

[Report by Pak Chan-su]

[FBIS Translated Text] Indications have recently emerged that the North Korea-Russia relationship, which was once distant, is now being patched up.

Russian Vice Premier Vitaliy Ignatenko and his troupe visited North Korea in April, thus resuming high-level exchanges between the two countries. On 25 May, Gennadiy Seleznev, speaker of the State Duma of the Russian Federation, and his troupe visited Pyongyang for four days.

At the time, ITAR-TASS reported that following a meeting with Yang Hyong-sop, the chairman of the North Korean Supreme People's Assembly (SPA), Seleznev stated: "Russia and North Korea have begun to make progress in resuming their bilateral relations." Yang Hyong-sop responded: "The Russian delegation's visit has provided an important occasion to develop relations between the people and parliaments of the two countries." As a return call, North Korea plans to send an SPA delegation to Moscow in mid-July.

The two countries have been distant for four years, ever since the Soviet Union collapsed. However, indications began to emerge last year that the two countries were seeking to establish closer relations. This means Russia has begun to take an interest in resuming its relations with North Korea.

North Korea has built many plants with Soviet assistance, and thus needs Russian technology and economic assistance to operate them. During his visit last April, Russian Deputy Prime Minister Ignatenko promised assistance to North Korea in eight areas, including the renovation of the Kim Chaek Steel Mill and supplying oil. The promise for this massive assistance is not easy for Russia to make because it is also facing economic difficulties.

In connection with this, officials of the Ministry of National Unification stated: "In trying to improve bilateral relations, North Korea seeks to receive economic interests, while Russia seeks to establish its influence on the Korean peninsula. Thus, the possibility is slim that the two countries will develop the close ties they once had in the past."

The most important pending issue in relations between the two countries concerns the signing of a basic treaty replacing the North Korea-Russia friendship treaty, which will be abolished in September this year.

However, it is general speculation that North Korea will not rush to sign a treaty, but will enter into negotiations in earnest upon seeing the results of the Russian presidential election scheduled for June. This is because it is clear the improvement in relations between North Korea and Russia will be hastened if Zyuganov, president of the Communist Party of the Russian Federation, is elected Russian president.

**ROK: KOTRA To Open Trade, Investment
Consultation Center in DPRK**

SK2805085896 Seoul YONHAP in English
0636 GMT 28 May 96

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — The Korea Trade-investment Promotion Agency (KOTRA) has decided to open a "trade and investment consultation center for North Korea" on June 3, a KOTRA spokesman announced Tuesday.

The spokesman explained that the establishment will be designed to assist South Korean businesses investing in North Korea and provide them with information about the North to help sustain the expansion of inter-Korean economic cooperation.

The business community expects the KOTRA center to be of great help while trying to do business in the socialist country, given the state-run company's abundant experience and know-how acquired through its behind-the-screen rice assistance negotiations with the North last year, and a considerable amount of information on the isolated nation accumulated thus far, the spokesman said.

The KOTRA's North Korean center will gather and disseminate information about North's investment system and personnel.

The center also plans to provide information on the Najin-Sonbong free trade and economy area, and make logistical arrangements for businesses, the spokesman added.

**ROK: Legal, Other Preparatory Work on LWR
Project Nearly Done**

SK2305133896 Seoul YONHAP in English
0814 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — Full-scale preparations for light-water reactor construction in North Korea will begin in the second half of the year now that the international consortium for the project and North Korea have signed the first follow-up protocol in New York Wednesday.

Chang Sun-sop, chief of the office of planning for the light-water reactor project, said Thursday in a press

conference that legal preparations for the light-water reactor power plant construction will be completed after three more protocols are signed.

The Korean Peninsula Energy Development Organization (KEDO) has initialed a protocol with North Korea for consular protection, immunities and privileges for KEDO personnel working in North Korea to build two light-water nuclear reactors. But they still have to agree on 11 more protocols before construction actually begins.

"When three other protocols involving transportation and communication, taking control of the construction site and North Korea's service are concluded, then the legal preparations for construction will be completed," Chang said.

Chang added that KEDO-North Korea negotiations for the transportation and communication protocol are now underway in New York.

"Now that that the first follow-up protocol negotiations have concluded, KEDO will try to complete commercial contract negotiations with prime contractor Korea Electric Power Corp. (KEPCO) as soon as possible and plans to send the sixth fact-finding team to survey the construction site to Sinpo, North Korea in the near future," Chang said.

If things go well, he said, the cost estimates may be finished by late July.

"At that time, the major KEDO members — South Korea, the United States, and Japan — will be able to discuss the details of how the costs will be shared," Chang said.

ROK: KEDO Pushing for Establishment of Direct N-S Air Route

*SK3005150096 Seoul SEOUL SINMUN in Korean
30 May 96 p 2*

[Report by Ku Pon-yong]

[FBIS Translated Text] It was learned on 29 May that, in follow-up negotiations with North Korea for the light-water reactor project, the Korean Peninsula Energy Development Organization [KEDO] is pushing for the establishment of a virtually direct air route between the North and South to transport the workers building the light-water reactors.

This is an epochal measure allowing our side's workers to enter North Korea via Japan's Flying Information Route [as published] from Kimpo Airport without any stopover.

In the follow-up negotiations that are now underway in New York to discuss issues pertaining to communications and transit, the KEDO side has proposed that a direct North-South air route be established. However, the North side has made a counterproposal that the plane carrying workers stop over at Narita or other airports in Japan. The two sides have thus experienced difficulty in coming to an agreement. However, the two sides are reportedly narrowing their differences of opinion due to KEDO's compromise offer.

In connection with the issue of communicating with the construction site, KEDO and North Korea have agreed in principle on the use of satellite communications. This, however, has not been seen as a breakthrough as North Korea has tried to delay the time at which the agreement actually goes into effect. In this regard, a pertinent government official has said: "The North side has insisted on transporting KEDO personnel via Beijing Airport because it is apparently worried about the effect on its people of outsiders," adding "However, the North side has begun to understand our side's position that the establishment of a direct air route is necessary to ensure smooth implementation of the project."

ROK: KEDO, DPRK Agree on Communications, Passage Protocol

*SK0406035696 Seoul CHOSON ILBO in Korean
4 Jun 96 p 2*

[Report by reporter Yun Hui-yong from New York]

[FBIS Translated Text] An official of the Korean Peninsula Energy Development Organization [KEDO] revealed on 2 June that KEDO and North Korea have virtually reached an agreement on the protocol on communications and passage in supplying light-water reactors to the North.

This official revealed that the North Korean side expressed its final agreement to conditions for using a sea route for technical manpower and construction materials, which have become a bone of contention; and to the use of artificial satellites by KEDO and the Korea Electric Power Corporation, which is the main contractor.

He added that the ROK and the United States have completed consultations with their respective governments regarding this matter.

ROK: KFA President: DPRK Should Cohost 2002 World Cup Finals

SK0406092996 Seoul YONHAP in English
0657 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — Efforts should be made to have North Korea participate in the 2002 World Cup as a full-fledged co-host, the leader of the South Korean soccer association said Tuesday.

Rep. Chong Mong-chun, president of the Korea Football Association (KFA) and vice president of the FIFA, World Soccer's governing body, made the remarks in an interview with a local weekly newsmagazine "HANGYORE 21."

The weekly is to be published on Wednesday.

Chong said, "Pending discussions (to that effect), I think, the South Korea-Japan co-hosting should be made to develop into a tripartite event in which North Korea as well participates as an equal partner."

He also referred to China's role, saying, "For the sake of peace in Northeast Asia, China, although not invited as a co-host, should be asked to participate in cultural events."

South Korea and Japan competed fiercely to win the right to host the 2002 World Cup finals before FIFA decided to let them co-host the event last Friday.

"The most important thing for South Korea is the inter-Korean relations, and I think the World Cup finals will be a good opportunity for the North to participate in the inter-Korean dialogue or regional consultative bodies without losing its dignity," Chong said.

South Korea's formal position was, he said, that if it wins the right to host the World Cup finals alone, it will discuss with North Korea about co-hosting, with FIFA's consent. "And the position has not changed," he said.

"For instance, if the South Korean and Japanese Governments and soccer officials come to an understanding on the issue by the end of next year or some other time, then it may produce an opportunity for North Korea to talk preserving its honor," he said.

Chong brushed aside FIFA Secretary-General Joseph S. Blatter's recent warning that the co-hosting of the 2002 event can be averted if a third country intervenes in it.

"It is not a matter for the secretary-general to interfere with but a matter to be discussed by the executive committee or the president," he retorted.

About China, Chong suggested that he may persuade China to participate indirectly in the soccer festival.

"In that it will be the first world cup event in Asia, we need to encourage China to take interest in the event. China is in the same cultural area as Korea and Japan, so I think it would be good if we had China culturally contribute to various world cup-related events."

ROK, Australia Sign MOU on Cooperation in Aid Policy

SK3105034496 Seoul YONHAP in English
0247 GMT 31 May 96

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — South Korea and Australia will sign a memorandum of understanding (MOU) Wednesday on greater collaboration in aid policy, the Australian Embassy in Seoul said Friday.

The MOU will be signed by President Chong Chunyon of the Korea International Cooperation Agency and Director-general Trevor Kanaley of the Australian Agency for International Development.

The agreement calls for the strengthening of bilateral ties, regular meetings on development cooperation and donor coordination as well as periodic consultations and contacts, and the exchange of publications and papers to assist in greater mutual understanding.

Australian Ambassador to Seoul Mack Williams stressed the MOU as a significant development in the relations between the two nations. The inaugural bilateral aid discussions between the two countries will include recent developments and future trends in both countries' aid programs, and options to develop bilateral ties on aid issues, including personnel and information exchanges and the prospect of co-financing and evaluations of aid projects, he added.

Kanaley will have talks with Director-general Chu Cholki of the Foreign Ministry's International Economic Affairs Bureau on various multilateral aid issues.

ROK: Korea Stock Exchange To Establish Internet Site 1 Jun

SK2405033296 Seoul THE KOREA HERALD
in English 24 May 96 p 9

[FBIS Transcribed Text] The Korea Stock Exchange (KSE) will have its own site on the Internet June 1, a spokesman said yesterday.

Developed by KSE's International Relations Department, the page consists of eight categories, six of which are in English. The English presentation consists of an

introduction to KSE, headline news, key statistics, market overview and information on foreign investment. The Korean section provides information on KSE, a market bulletin board and links to other related sites, such as the Ministry of Finance and Economy, and other major stock exchanges around the world. The address: <http://www.kse.or.kr>

A five-member team from the International Relations Department was in charge of the operation which began in January this year and began a trial run of the site May 15. The group was led by Choe Chae-ku.

The site does not have the Korean market's real-time composite index information. KSE sources said that work to develop a real-time information service is under way. The service will be provided through a separate local personal computer network by the end of next month.

ROK: Prosecution To Curb Rising Crime by Koreans Abroad

SK2405033196 Seoul THE KOREA HERALD in English 24 May 96 p 3

[FBIS Transcribed Text] Prosecutors said yesterday they would reinvestigate cases of South Korean nationals who have committed crimes in Japan, amid a rising rate of crime abroad by Koreans.

The Special Crimes Bureau at the Seoul District Prosecutor's Office said it has requested from the Japanese Justice Ministry criminal files of about 2,500 Koreans who have been forcibly deported from Japan for crimes including rape, larceny and drug trafficking.

The files will expedite capture of these criminals when they return to Korea via port of entries such as Kimpo International Airport, and facilitate reinvestigation of their criminal activities.

For starters, prosecutors have obtained the files of 17 so-called "overseas pocket snatchers," including a 32-year-old Korean man identified only as Chi.

Chi and 16 others were sentenced and served 10 to 18 months in Japan before they were repatriated. Korean prosecutors however could neither reopen the case nor indict them under Korean law as there were no files made available.

Prosecutors said despite lack of official agreement specifying cooperation on international crimes between Japan and South Korea, Japanese counterparts were very cooperative. They said they will likely extend investigations of crimes abroad with other countries as well.

ROK Files Complaint With DIE WELT Over Corruption Depiction

SK0406093496 Seoul YONHAP in English 0715 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — South Korea's Ambassador to Germany Hong Sun-yong Tuesday filed a complaint with a German daily which recently carried an article describing South Korea as one of the most corrupt nations in the world, Foreign Ministry Spokesman So Tae-won said.

Hong demanded that DIE WELT run a correction. The ministry said that the German daily mistook South Korea for Kenya which was ranked 52nd on a list of corrupt countries.

ROK: Foreigners Banned From Buying Strategic Businesses

SK0106230396 Seoul THE KOREA ECONOMIC WEEKLY in English 3 Jun 96 pp 1, 22

[FBIS Transcribed Text] The nation's strategic industries such as iron-steel making and energy as well as export strategic industries such as semiconductor chips will be exempted from mergers and acquisitions (M&A) by foreigners even if friendly M&A activities here are allowed for foreigners, beginning in 1997.

At the same time, foreigner's M&A will be subject to the prior consent of major shareholders and the prior approvals of the board of directors, sources at the Ministry of Finance and Economy said.

Although it is inevitable for the government to allow foreigner's M&A of local enterprises in line with its globalization policy, efforts will be made to minimize the M&A approval scopes in view of premature markets here and a lack of the people's full sense of support for foreigner's M&A, the sources said.

To be exempted from the list of business lines eligible for foreigner's friendly M&A will be the nation's strategic industries such as iron-steel making, energy, communications, arms and broadcasting, as well as export strategic industries such as semiconductor chips and automobiles, the sources said.

The "friendly" conception in M&A means that M&A deals involved have to receive the approvals of the board of directors and the prior consent of the largest majority shareholder.

A supplementary legal machinery will be worked out to tighten ex-post facto management of foreigner's M&A through the Securities and Exchange Commission, and it will make a rule to publicly announce massive changes of equity share-ownership in the case of foreigner's

M&A in a bid to prevent adverse effects from such M&A deals, the sources said.

These policy directives toward foreigner's M&A are expected to face a strong opposition from Organization for Economic Cooperation and Development (OECD) member nations, the sources said.

The government's planned abolishment of the article 200 of the Securities Transaction Law means that private corporations here would be allowed to do even hostile M&A deals among themselves on an unlimited basis, while foreign corporations would be permitted to do only friendly M&A on a limited basis, thus resulting in unfair treatment for foreigners alone, foreign business circles pointed out.

Consequently, the government's policy directives toward foreigner's M&A will emerge as a new issue in Korea's efforts to affiliate with OECD, the sources said.

ROK: Automakers Urge Delaying Import Diversification Program

SK3105034596 Seoul THE KOREA TIMES in English
31 May 96 p 8

[FBIS Transcribed Text] Domestic automobile manufacturers yesterday called on the government to postpone the lifting of restrictions on Japanese vehicle imports to help sharpen competitiveness against the Japanese makers.

Han Sung-chun, president of the Korea Automobile Manufacturers Association and vice chairman of Kia Motors Corp., and top managers of six other auto makers, made the request in a meeting with Trade, Industry and Energy Minister Pak Chae-yun at the Korea Chamber of Commerce and Industry (KCCI) in Seoul.

"It's inevitable that the import sources diversification program, underlining the ban on imports of Japanese products, will be phased out in a bid to reduce the growing trade deficit with our neighboring nation. But we hope that the lift can be postponed to give us time to sharpen competitiveness," said Han, elaborating the difficulties the auto industry faces.

Pak answered that his ministry will take measures to minimize the impact from the lift of the import ban, adding that the import sources diversification system could not be permanently sustained in view of the changing environment at home and abroad.

Han said that Korean automakers are far inferior to those of advanced nations such as the United States, Japan and Germany in both quality and technology and are also vulnerable in productivity.

The leaders of the automobile manufacturing community also asked Minister Pak to delay the removal work of the KOEX [Korean Exhibition Center] annex for four months for the successful international motor show in 1997.

The Korea Foreign Trade Association (KFTA) plans to remove the KOEX annex from January next year to construct an international convention center for the world event of the Asia-Europe Meeting (ASEM).

They complained that the removal work will reduce the exhibition space at KOEX by 40 percent from the first show last year and thus make the second motor show scheduled for April next year unsuccessful.

They pledged to work toward attaining the 10 billion dollar mark in exports this year, surpassing the projected goal of 9.4 billion dollars, in answering Minister Pak's request.

Korea plans to increase the manufacturing of vehicles 6.9 percent to 2.7 million units and exports 12.4 percent to 1.1 million units this year.

ROK: Domestic Auto Imports Likely To Increase by Over 60 Percent

SK0306115196 Seoul YONHAP in English
0721 GMT 3 Jun 96

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — Imports of automobiles are likely to total 30,000 in number of units, up 66.7 percent, or 1.05 billion U.S. dollars in value, up 67.2 percent, from last year, the Korean Automobile Manufacturers Association (KAMA) predicted Monday.

The figures are compared with 1,100,000 units worth 9.4 billion dollars the nation is expected to register in exports. The amount of imports represents a mere 2.7 percent compared with the envisaged export volume in terms of unit but a relatively high 11.2 percent in terms of value.

Automobile imports in the first quarter alone reached 214 million dollars, representing a gain of 35.6 percent over the same period last year.

An increasing demand for foreign cars and higher incomes were cited as reasons for the increase in imports, according to a trade, industry and energy ministry official, as well as effective marketing strategies by foreign dealers and eased automobile import restrictions.

Foreign car sales are expected to continue growing in light of increasing pressure from other nations to open up the market further.

President Andrew Card, Jr., of the American Automobile Manufacturers Association, for example, has strongly protested Korean custom duties and a special consumption tax on foreign vehicles.

Imports, which stopped at less than 100 million dollars in 1986, skyrocketed 277 percent to 229 million the following year and peaked at 523 million dollars in 1991 before dropping to 345 million dollars by 1994.

Imports of automobile parts amounted to 1.64 billion dollars last year, up 15.7 percent from 1.41 billion in 1994. They totaled 416 million dollars in the first quarter of this year, up 2.1 percent from the same period last year.

ROK Daily Views NKP's Plan To Appease Opposition

SK2405050596 Seoul MUNHWA ILBO in Korean
22 May 96 p 4

[Report by Kim Chae-mok]

[FBIS Translated Text] While the three opposition parties — the National Congress for New Politics [NCNP], the United Liberal Democrats [ULD], and the Democratic Party [DP] — have begun their out-of-parliament struggle, the New Korea Party [NKP] appears to have begun carrying out its work of "appeasing the opposition" in earnest. The NKP is offering several measures to express its "sincerity" in order to bring the opposition to the negotiating table. Along with this, the NKP is trying to convey its intention directly, as well as indirectly, through floor leader So Chong-won and First State Minister Kim Tok-yong to partially accept the opposition parties' various requests, such as "distribution of National Assembly posts," "election-related investigations," and "revision of election laws."

The NKP appears to have taken these moves to promote an atmosphere for dialogue, with the realization that, after holding a rally on 26 May, the opposition camps will seek to adjust the level of attack on the ruling camp and find a pretext for negotiations.

Regarding the issue of recruiting opposition or independent lawmakers-elect, which has caused rifts in the party, the NKP decided on 21 May that it would "hold off recruitment for a while." The NKP is now in a position to take the initiative in negotiating with the opposition parties by securing a majority in the National Assembly. The moderates, including Chairman Yi Hong-hu and Floor Leader So Chong-won, now have had their voices heard. These moderates had insisted that there is no need to provide the opposition camps with reasons for further protest.

Furthermore, the NKP plans to vow its conciliatory position towards the opposition camps through Chairman Yi's press conference on 23 May. Following this, he will go on to create a pacifying atmosphere by paying courtesy calls on opposition Presidents Kim Tae-chung and Kim Chong-pil around 28-29 May with the floor leader and other people. Secretary General Kang Sam-chae also said on 22 May: "Though the opposition camps continue to denigrate the ruling camp through off-stage rallies, we will keep on showing sincerity in our own way."

In an effort to create circumstances for dialogue, the NKP has indicated that it may accept some of the oppositions' requests.

The NKP is said to have a flexible stance on "election-related investigations," one of the oppositions' prime concerns. Secretary General Kang of the NKP remarked on 22 May: "The opposition is taking issue with favoritism in the prosecution's investigation of election offenders, but the results are bound to come out soon and they will show that there is no cause for concern." He added: "Then, this will resolve one of their concerns." He seemed to have emphatically insinuated that the election-related investigations would be concluded ahead of schedule, and that no more damage would be inflicted on opposition lawmakers.

The NKP perceives that opposition Presidents Kim Tae-chung and Kim Chong-pil have much at stake in reforming such institutions as the election laws and the political fund law since they want to promote a favorable atmosphere for the next presidential election. Therefore, the NKP intends to use its willingness to discuss anything concerning institutional reforms as a card in future negotiations with the opposition camp. Aware of some problems in the election laws, the NKP post holders believe that they can amend impractical or unreasonable clauses to the laws by establishing "a special committee for institutional reforms" in the National Assembly.

The NKP is examining another card — distribution of National Assembly posts. A suggestion goes that among the chairmanships of 16 National Assembly standing committees, the NKP will hold onto eight posts while giving five and three seats respectively, to the NCNP and the ULD, and provide the possibility for an opposition lawmaker to be elected as vice speaker.

Given that the present conflict is actually a tug-of-war between President Kim Yong-sam and the two other Kims, some people conclude that such a small issue will help achieve a breakthrough in the political stalemate. They view that there is a possibility that another round

of "dialogue and bargaining" by the three Kims will end the strife over the convening of the National Assembly.

**ROK: Independent Lawmaker So Hun Joins NKP;
NKP Seats at 151**

SK2803061596 Seoul YONHAP in English
0454 GMT 28 May 96

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — Independent lawmaker-elect So Hun joined the New Korea Party (NKP) Tuesday to increase the ruling party's number of National Assembly seats to 151.

Elected from East-B electoral district in Taegu, So said in a press conference that he joined the NKP to "rectify the misguided public sentiment in Taegu."

"There are many companions in the New Korea Party who shared my struggles against the past military regime for South Korean democratization," So said.

So became the 12th lawmaker-elect to join the ruling party since the April 11 general elections. The NKP won 139 parliamentary seats, 11 short of a majority in the 299-seat National Assembly.

**ROK: NCNP Representative Indicted Regarding
Diplomatic Paper**

SK2805110396 Seoul YONHAP in English
1049 GMT 28 May 96

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — The Seoul prosecution on Tuesday indicted Rep. Kwon No-kap of the opposition National Congress for New Politics (NCNP) in connection with the case of ex-foreign service official arrested on charges of doctoring and leaking a confidential diplomatic paper.

Kwon is accused of having made public the doctored document with the knowledge of its having been altered. He is charged with libel and the use of an altered official document.

The prosecution, on the other hand, dropped the cases of libel charges filed against Foreign Minister Kong No-myong, NCNP head Kim Tae-chung and Rep. Pak Pom-chin of the ruling New Korea Party.

Prosecution charges said that Kwon made public the document at issue despite the fact that a reporter tipped him beforehand about the falsehood of the document produced by Choe Sung-chin formerly of the Korean Embassy in Wellington.

The prosecution Tuesday formally indicted Choe on charges of doctoring an official document and using the altered paper.

**ROK: Prosecution To Seek Kwachon Mayor's
Arrest**

SK3005031796 Seoul YONHAP in English
0117 GMT 30 May 96

[FBIS Transcribed Text] Suwon, Kyonggi Province, May 30 (YONHAP) — The prosecution summoned Kwachon Mayor Yi Song-hwan, 58, late Wednesday and questioned him overnight about bribery allegations.

The Suwon district prosecutor's office plans to seek a warrant for the arrest of Mayor Yi Thursday morning.

According to the prosecution, Mayor Yi allegedly received 20 million won (about 25,000 U.S. dollars) from Yi Yong-sok, 45, vice chief of the ruling New Korea Party's Kwachon-Uiwang district chapter, who asked the mayor to approve the construction of a gas station in an area where development is restricted.

The prosecution arrested Yi Yong-sok Wednesday on bribery charges and city official Son Song-o, 39, who received 10 million won from Yi in relation to the city's approval for the gas station construction.

The prosecution said that the city approved the construction of the gas station five months after the mayor allegedly received the bribe.

Mayor Yi, previously the government-appointed mayor, and was elected to the post in the June 27 local elections last year on the ruling party's ticket.

**ROK: Prosecution Finds More Officers Involved in
SSB Scandal**

SK0306060296 Seoul YONHAP in English
0432 GMT 3 Jun 96

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — The prosecution, looking into the bribery scandal involving the Securities Supervisory Board (SSB) President Paek Won-ku, has reportedly confirmed that two or three SSB officials were involved in the scandal.

The central investigation division of the Supreme Public Prosecutor's Office arrested Paek Sunday on charges of accepting 110 million won in bribes from at least 10 businesses in connection with their initial public offering plans.

Prosecutors, considering that other SSB officers also received bribes in the course of performing their duties, questioned three or four officials Sunday night and found that two or three of them had received bribes, a source said.

It also summoned representatives from the 10 firms found to have given Paek bribes and asked them how

much and why they gave Paek the money, while beginning an investigation of Paek's bank accounts.

The prosecution investigated Finance and Economy Ministry officials to find out if they were also involved in the scandal but found that they were cleared of any involvement in the scandal, the source said.

ROK: Prosecution Seeks Arrest Warrant for Another MFE Official

SK0406064896 Seoul YONHAP in English
0506 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — Prosecutors requested an arrest warrant Tuesday for Han Taek-su, director-general of the treasury bureau of the Finance and Economy Ministry [MFE], on graft charges.

He is the second senior ministry official after Yon Won-yong, former councilor for international financing and securities affairs, implicated in the bribery scandal involving former Securities Supervisory Board President Paek Won-ku, who was arrested Sunday.

Han, while serving as the ministry's councilor for customs affairs, took 50 million won in kickbacks last June from President Ko Chong of Korea Data Systems, Ltd., prosecutors said. In return, he helped the firm get listed in the Korean Stock Exchange last November.

Han reportedly made the request to Paek last July on behalf of the firm, which was unqualified for to be listed on the bourse on account of large sums of export bills receivable.

Prosecutors will interrogate two or three more senior officials from the ministry and the SSB in connection with the bribery case within the week, and will also decide what legal actions to take against 10-odd firms that allegedly offered kickbacks to the officials this week.

"Should further suspicions of graft be revealed in additional investigations of some senior ministry and board officials, we'll prosecute suspects involved right away," a prosecution official said. "Unless something quite unexpected happens, however, no additional officials are likely to be prosecuted."

ROK: Opposition Unveils Plans for Additional Outdoor Rallies

SK3005043896 Seoul YONHAP in English
0300 GMT 30 May 96

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The opposition National Congress for New Politics [NCNP] and United Liberal Democrats [ULD] agreed

Thursday to hold massive outdoor rallies denouncing the ruling New Korea Party (NKP)'s parliamentary majority buildup and alleged election rigging in five provincial cities — Taegu, Kwangju, Taejon, Incheon and Pusan.

The accord was reached at a meeting between NCNP Secretary General Han Kwang-ok and his ULD counterpart, Kim Yong-hwan, who agreed that the NKP has no intention of breaking the political deadlock through dialogue even after the Poramae Park rally the two parties held last Sunday.

The outdoor rally program calls for holding one in Taegu on June 8, another in Kwangju on June 15, another in Taejon on June 16, another in Incheon on June 22, and still another in Pusan on June 29.

Leaders of the two opposition parties, NCNP's Kim Tae-chung and ULD's Kim Chong-pil, are scheduled to speak at the outdoor rallies.

The two opposition secretaries-general said, however, that the outdoor rally program could be called off if the ruling camp accepts their demands: A halt to the recruitment of opposition and independent lawmakers-elect, an apology for its parliamentary majority buildup, and a commitment to revising the election laws.

In the meantime, three opposition parties together with the Democratic Party asserted Thursday that their probe teams have confirmed election law violations by NKP candidates in 10 districts.

Hong Chun-pyo, elected from Seoul's Songpa-A district, the opposition parties alleged, distributed a cartoon book entitled "Hourglass Hong Chun-pyo" to voters and spent more than 1.44 billion won for campaigning.

The oppositionists have decided to file a complaint with the prosecution against Hong on election law violation charges.

The three opposition parties also drafted an open letter addressed to the prime minister, urging him to investigate the alleged cases of election frauds involving ruling party candidates.

ROK: Change Urged in 'Top-Down' Nature of Presidency, Assembly

SK3005111196 (Internet) The Digital Chosun Ilbo
WWW in English 1152 GMT 29 May 96

[Editorial: "Change for the National Assembly Members"]

[FBIS Transcribed Text] Calls for changes in the physical characteristics of the National Assembly and New Korea Party at a party seminar following the election of new National Assembly members is a meaningful

change. Formerly, activities of the ruling party were carried out in a top-down fashion, suppressing the expression of other opinions. Those elected pointed out the powerlessness of the party leaders' groups, even citing the problems of the Presidential Blue House. This is a big change.

We hope the elected National Assembly of the ruling party will maintain such behavior in future National Assembly activities. If National Assembly members in the ruling or opposition parties make efforts to try to get away from the voting machine led by boss-style politics and obeying their orders, then we'll see our politics change into an advanced state.

Some elected pointed out that even though the administrative and legislative branches are separated and independent according to the constitution, in reality, there is a hierarchy among the president, the leader of the administration, and the congress. During authoritarian regimes, the authority of the president was strengthened and expanded. Congress' function and role was also reduced, resulting in the subordination of congress to the president. Such a framework has not been fundamentally improved but, we cannot deny that most of the responsibility lies with the lawmakers themselves.

Now, these situations have reached their limit. But to raise the authority of the National Assembly and the correct our political system in order to realize true parliamentary democracy is impossible without the aggressive effort of every assembly member. As one New Korea Party's elected assembly member pointed out, they should abandon the practice of just following the party's decision when voting for a bill. Maybe, it will be necessary to introduce a "real name system of parliamentary procedure"; which was proposed to secure the autonomy of the National Assembly and increased responsibility in parliamentary politics. In a spirit of total change, those lawmakers in the ruling or opposition should not hesitate to destroy the voting machine system and make members aware that they are an independent constitutional organization.

ROK: NCNP, ULD 'Uneasy' Over Possible Boycott Repercussions

SR0406045596 Seoul TriE KOREA TIMES in English
4 Jun 96 p 2

[FBIS Transcribed Text] The nation's two top opposition parties, the National Congress for New Politics [NCNP] and the United Liberal Democrats [ULD], are uneasy because they are well aware of possible public repercussions if they boycott the opening of the National Assembly.

Under the current law, the new National Assembly is to be launched in a formal ceremony tomorrow. However, the two opposition parties have been adamant in their staying away from the House as long as the ruling NKP [New Korea Party] continues to keep the 12 opposition and independent lawmakers it had recruited to fashion a floor majority.

In a practical sense, the opposition demand can't be achieved.

However, it still is sticking to its demands after holding a massive outdoor rally at Poramae Park in Seoul late last month.

To put more pressure on the ruling NKP, the NCNP and ULD decided to keep on holding outdoor rallies starting with Taegu late this week, to be followed by ones in Kwangju, Taejon, Incheon, and Pusan.

However, the opposition parties show some sign, though faint, of budging from their hardline position.

NCNP floor leader Rep. Pak Sang-chon indicated that his party's participation in the opening ceremony can be considered.

After a meeting of party lawmakers yesterday, in which they resolved to stick to the position of boycotting the House unless its demands are met, Pak said NCNP lawmakers can take part in the formal opening ceremony but not in the election of the new speaker and vice speakers.

The ruling NKP is set to elect the speaker and one of the two vice speakers soon after the opening ceremony. Traditionally, the other vice speaker comes from the opposition camp.

This change is indicative of the worries the NCNP has about the possibility that the hardline stand will not be well accepted by the general public at this time when the nation is in a euphoric mood generated by South Korea being named to co-host the 2002 World Cup with Japan.

And not a small number of NCNP lawmakers are expressing their disapproval, if not openly, of the party policy of boycotting the opening ceremony of the Assembly.

Similar sentiments are also seen in the United Liberal Democrats.

ULD leader Kim Chong-pil stressed the need for politics of compromise.

He said President Kim Yong-sam who concurrently leads the ruling NKP should learn from the FIFA [Federation of International Football Associations] decision

of awarding the right to stage the World Cup to both South Korea and Japan.

"Until a few days ago, the two nations were like two locomotives dashing down the track on a collision course.

However, there was a compromise of splitting the pie in two equal halves. Under the decision, one plus one made not two nor one, but half. This arithmetic is the gem of democracy," said the ULD leader. By saying so, he said the FIFA decision could be a good lesson for President Kim.

ROK: Parties To Seek Breakthrough in 'Political Impasse'

*SK0306021396 Seoul YONHAP in English
0103 GMT 3 Jun 96*

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — With the opening of the new legislature only two days away, rival parties continue to seek a breakthrough in the political impasse provoked by the ruling party recruitment of opposition and independent lawmakers-elect to form a parliamentary majority.

The secretaries-general of the ruling New Korea Party (NKP) and two opposition National Congress for New Politics Party and the United Liberal Democrats are to have informal contacts Monday.

It is not very likely that they will reach a compromise, however, since they are quite far apart on the opposition demands that the ruling camp apologize for its "maneuvering" to secure a parliamentary majority and a fair management of election fraud cases.

NKP Chairman Yi Hong-ku, who has just returned from Zurich where he helped the country win the right to co-host the 2002 World Cup finals, reportedly plans to call on two opposition leaders Kim Tae-chung and Kim Chong-pil Monday and Tuesday to brief them on the FIFA's decision and seek suprapartisan support for a successful staging of the World Cup finals.

The ruling party hopes that the proposed visits will provide an opportunity to discuss breaking the political stalemate.

The two opposition parties are set to convene their caucuses Monday to discuss their possible conditional attendance in the National Assembly and whether to continue their street struggles.

If the opposition parties boycott the National Assembly opening, the ruling party intends to go ahead with the schedule along with independent lawmakers and elect the speaker and vice speaker allotted to the majority party.

If and when the ruling party pushes its plan through alone, the opposition may attempt to block it by force or counter it with street struggles, which suggests that the new legislature will begin in turmoil.

ROK: Yi Ki-taek Selected as President of Democratic Party

*SK0406091996 Seoul YONHAP in English
0910 GMT 4 Jun 96*

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — The splinter opposition Democratic Party on Tuesday elected Yi Ki-taek president.

At a party convention, Yi won 1,142 votes or 55.3 percent of the total 2,066 ballots cast while Hong Song-u put up by the party's reformist group, won 913 votes. Eleven ballots were invalid.

"I shall display strong leadership and develop our party to a point where it will be capable of taking over power," Yi said in an acceptance speech.

Yi, party advisor who was defeated in the April general elections at a Pusan District, said he would take the lead in realizing a grand unity of opposition forces on condition of Kim Tae-chung's and Kim Chong-pil's retirement from politics.

The reformist group of the party refused to accept the outcome of the election, saying no group members would take any party posts under Yi's leadership.

ROK: Kim Yong-sam, Seoul Mayor Hold 'Exclusive Meeting' 4 Jun

*SK0406093096 Seoul YONHAP in English
0714 GMT 4 Jun 96*

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — President Kim Yong-sam had an exclusive meeting with Seoul Mayor Cho Sun at his Chongwadae [presidential offices] office Tuesday morning to discuss the capital's traffic and other pressing issues.

The two also reportedly discussed central government-Seoul cooperation for the successful organization of the 2000 Asia-Europe Meeting (ASEM) and the 2002 World Cup soccer finals in Seoul and other cities.

The mayor was said to have apologized to the president for the failure of the air raid warning system when a North Korean MiG-19 fighter crossed the border to defect last month.

The Kim-Cho meeting drew special attention because it not only was the first-ever tete-a-tete between them since Cho took office nearly a year ago, but it took place at a time when government-opposition relations have

been strained while the 15th National Assembly session begins.

Cho is indebted to Kim Tae-chung, head of the main opposition National Congress for New Politics (NCNP), for winning the mayoral election, and the strained government-NCNP relations have put the NCNP leader in a difficult position. Cho's tete-a-tete with the chief executive under these circumstances must have made the NCNP and its leader nervous.

But a Chongwadae official said the meeting was just one of those the president has with local government heads, adding, "You needn't attach any special significance to the meeting."

He cited the president's meetings with Pusan Mayor Mun Chong-su and Kyonggi Governor Yi In-che in the past.

At the Chongwadae meeting of local government heads President Kim chaired in late April, the president offered to meet any one of them at their convenience.

So, the Kim-Cho meeting Tuesday morning was not unusual, because it took place in the context of the president's above mentioned promise to local government chiefs, the official said.

In the meeting, Cho briefed Kim on Seoul's traffic and other problems for the first time, and this may be regarded as the opening of a regular channel of communication between Chongwadae and the Seoul city government.

Continuing the dialogue would mean that the two could not only discuss matters related to central-city government cooperation but also exchange political views that might help them establish a more productive rapport.

In the nearly one year of service as mayor, Cho must have felt the need to cooperate with the central government when trying to solve the city's many problems, and this might have been a reason for him to request a one-on-one meeting with President Kim on behalf of Seoul.

ROK Government To Make Finance-Related Laws More Transparent

SK0406093196 Seoul YONHAP in English
0822 GMT 4 Jun 96

[FBIS Transcribed Text] Seoul, June 4 (YONHAP) — President Kim Yong-sam has instructed his deputy prime minister to make all financial laws and regulations, including the securities supervisory law, more objective and transparent, after the Securities Supervisory Board (SSB) chief's bribery scandal exploded Monday.

Kim issued the directive at a state council meeting held at Chongwadae [presidential offices] on Tuesday, and also ordered other ministers involved with economic affairs to make every effort so that all laws concerned are become more transparent.

With these goals in mind, the government plans to make a comprehensive examination of all financial laws and regulations to make them more objective and transparent.

Kim pointed out that one of the biggest reasons civil servant misconduct has not been eliminated stems from the fact that the financial laws are not readily intelligible, which eventually leads to arbitrary judgments by government officials when making business decisions.

With regard to the SSB chief's scam, Kim lamented, "I'm distressed by the fact that corruption has not yet been eradicated in spite of continuous efforts."

ROK To Spend W6.4 Billion on Optical Fiber Telecom Projects

SK2405050796 Seoul THE KOREA TIMES in English
24 May 96 p 8

[FBIS Transcribed Text] A total of 6.4 billion won will be spent on 47 projects involving optical fiber telecommunications technology this year, the Information and Communication Ministry announced yesterday.

The 47 projects selected out of 99 break down to 27 in switching systems, modems, transmissions, terminal devices and core parts in the hardware sector and 20 in hook-up and data treatment systems in the software sector, a ministry spokesman said.

The hardware projects include a multipoint control unit for multilateral and simultaneous video conferencing through asynchronous transfer mode (ATM) and integrated services digital network (ISDN) and radio frequency modem for both wired and wireless communications and down converter for core radio frequency parts for personal communication service (PCS).

The software projects include software linking ATM and local area networks (LAN) and condensed software algorithm for teleconferencing.

The government plans to continue to provide financial assistance for the projects involving the optical fiber network which will be formed nationwide by the year 2015, the spokesman said

ROK Government To Increase Spending on Nuclear Technology

SK2805022096 (Internet) *The Digital Chosun Ilbo*
WWW in English 1216 GMT 27 May 96

[FBIS Transcribed Text] In order to join France and Japan in holding the world's third highest position in nuclear technology by 2010, the government has announced plans to increase spending on nuclear energy research by an annual increase of 21%. Already, 3.78 million won have been earmarked for the year 2006. Developments in research so far include DUPIC fuel, which will be available for experimental use in light and heavy water reactors by the year 2000; and the construction of a high-speed breeder reactor, which is scheduled for completion by the year 2011.

According an announcement by the Ministry of Science and Technology, and the Nuclear Institute on Monday, the "Comprehensive Plan for Nuclear Energy Development" will be completed by June.

ROK Steelmakers Request Government Intervention in Prices

SK2405060396 *Seoul THE KOREA HERALD*
in English 24 May 96 p 8

[FBIS Transcribed Text] Prompted by slowing exports, leading Korean steel makers yesterday requested government intervention in price adjustments.

Chiefs of 18 leading producers including Kim Chong-chin, president of Pohang Iron and Steel Co. (POSCO), met with Pak Chae-yun, minister of trade, industry and energy yesterday.

Special safety guard (SSG) tariffs on H-beam imports from Eastern European nations, lowering the local price of hot coils being sold in the domestic market, and the depreciation of the Korean won were among the improvement measures requested by industry leaders yesterday.

In response, the minister voiced words of caution that systematic price slashing is liable to raise trade disputes.

The minister then suggested that Korean producers aim for long-term plans to boost the overall competitiveness of the industry, a MOTIE spokesman said.

For the first four months of the year, steel trade deficit has shot up to an estimated \$880 million, ahead of the 1995 total deficit of \$682 million.

The first-quarter deficit of \$655 million is also ahead of a \$479-million projection made by the Korea Iron and Steel Association at the start of the year.

But the deficit is likely to narrow into the second half of the year, due to POSCO's August completion of an additional stainless steel plant and mini-mill in September.

The association expects the 1996 steel trade deficit to sink to \$600 million from a jump in domestic output later this year.

The association further projects the steel trade deficit to reverse to a surplus by the year 1999 on a steady rise in domestic output.

The industry leaders blamed the growing deficit to recent appreciation of the Korean currency against the Japanese yen and also the increasing arrival of inexpensive imports geared for the domestic market.

These developments were also aggravated by a general downturn demand from the global market, especially from major buying nations of the United States and Japan.

In the H-beam market alone, makers complained that Eastern European origins now take up an estimated 30 percent of the domestic market share.

Against such backdrop, the price of Korean hot coil sank down nearly 8 percent from a year ago in international markets, while cold-rolled steel output price too lowered 5 percent.

As of April, Korean hot coil fetched \$340 per ton in the domestic market, which is lower than the export price of \$321 per ton.

Korea's steel output ranks sixth in the world. The performance of Korean steel products, as with other key exports, is crucially affected by the movement of the Japanese yen.

The won against the yen has appreciated at about 30 percent over the last one-year period.

ROK: Agricultural Mechanization, Labor Situation Outlined

SK2405100096 *Seoul YONHAP in English*
0730 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — Unlike previous years which suffered from shortages in agricultural water and manpower, the transplanting of rice seedlings this year is expected to be carried out smoothly.

Water storage rate exceeds 80 percent in most regions of the country, relieving farmers of the fear of agricultural water shortages, according to officials from the Agriculture, Forestry and Fisheries Ministry Friday.

Seeds and fertilizers are stocked to the level of last year and their prices are stable.

Thanks to a rapid mechanization of farming, no setback in aquatic rice transplanting is foreseen this year from a manpower shortage, while dry-field farming in mountainous areas is feared to find it difficult to find workers.

Rice seedling transplanting by machines is projected to cover more than 90 percent of Kyonggi Province's 131,300 hectares of rice paddies, according to the officials.

Daily wages for farm hands rose between 14 percent and 50 percent over last year, standing at 20,000 won to 50,000 won.

As of May 22, rice seedling transplanting was completed by 21.5 percent in North Chungchong Province, 13 percent in South Cholla, 6.3 percent in South Kyongsang and 0.3 percent in Kangwon.

Rice transplanting is expected to be completed by June 20 across the country including North Cholla and North Kyongsang Provinces.

ROK: Top Five Chaebol Banned From Buying Life Insurance Firms

SK0106230296 Seoul THE KOREA ECONOMIC WEEKLY in English 27 May 96 p 21

[FBIS Transcribed Text] The government has announced that it will allow all business groups, excluding Hyundai, LG, Daewoo and Samsung to take over or invest in the existing life insurance companies from next month at the earliest.

The Ministry of Finance and Economy (MFE) said that it will permit the business groups ranked sixth to 10th to purchase up to 50 percent in the troubled existing insurance companies.

Conglomerates ranked lower than 10th will be free to acquire a 100 percent stake in a life insurance company.

This means that 17 business groups including Lotte, Kumho, Doosan, Daelim and Hanbo will be able to acquire stakes in the existing insurance companies without any limitations.

And five business groups — Sunkyong, Ssangyong, Hanjin, Kia and Hanwha — can have up to 49 percent stakes.

However, Hyundai, LG and Daewoo, which belong to the top five giant groups, will be barred from entering into the life insurance industry.

And Samsung which already has a subsidiary life insurance company cannot acquire stakes in other life insurance companies.

Currently, the top 15 largest conglomerates are prohibited from becoming major shareholders in life insurance companies, and those ranked below 16th are able to take up to 49 percent stakes.

A high ranking official at the MFE said, "We have decided to ease current regulations on giant business groups' holdings in insurance companies in a bid to pave the way for them to take part in capital increases of newly-established, smaller insurance companies."

The government ordered six ailing life insurance firms to increase capital by 135.2 billion won last year, but only three of them expanded capital, and the increase, undertaken this year, was only 20.2 billion won.

ROK: Focus on Stable Interest Rates, Not Money Supply

SK0106230496 Seoul THE KOREA ECONOMIC WEEKLY in English 27 May 96 p 21

[FBIS Transcribed Text] Despite worries over inflation, the government will not artificially absorb liquidity.

"Interest rates are rebounding in anticipation of the government's money withdrawal as a way of curbing inflationary pressure; we are not considering any intervention," said Kim Yong-sop at the Ministry of Finance and Economy (MFE). "Rather, the government will expand more money supply," Kim added.

Kim emphasized that monetary policies will be focused on keeping interest rates at stable levels, rather than regulating the volume of total money supply.

Thus far, worries over liquidity withdrawal have emerged on the assumption that it will be an efficient tool to improve trade balance and to ease inflation pressure.

Kim Won-tae at the Bank of Korea (BOK) also said that there would be no manipulative money absorption. "Recent rebounds in short-term interest rates have nothing to do with the monetary authority's policies. Our policy to keep money supply (M2) at an elastic band around the 11.5 to 15.5 percent level will remain unchanged."

Meanwhile, yield on corporate bonds on May 16 with maturity period of three years rose by 0.11 percentage point to 11.21 percent per annum from the previous day while certificate of deposits with maturity period of 91 days jumped by 0.40 percentage point to 10.90 percent over the cited period.

ROK: Overdependence on Ten Export Items 'Raising Worries'

SK0106230696 Seoul THE KOREA ECONOMIC WEEKLY in English 27 May 96 p 4

[FBIS Transcribed Text] No signs of mitigation in ongoing lopsided exports are raising worries among trading concerns.

According to the economic forecast by Hyundai Research Institute (HRI), ten major items such as semiconductors and automobiles represented 52.7 percent of total exports in value last year, which is 1.9 percentage points up from 50.8 percent in 1994.

By items, semiconductors accounted for 17.7 percent of total exports, followed by autos for 6.7 percent, petrochemicals for 4.6 percent and vessels for 4.4 percent.

Considering the total export items numbered 7,864, the share of the ten major items is too high, therefore, more efforts should be made to improve the imbalance in exports, said HRI.

ROK To Encourage Business Groups To Invest in Agriculture

SK2805090296 Seoul YONHAP in English 0642 GMT 28 May 96

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — The government plans to aggressively encourage business conglomerates to invest in overseas agricultural projects that will help South Korea establish food self-sufficiency.

The Ministry of Agriculture, Forestry and Fisheries said Tuesday that the government has decided to provide domestic investors with technological, financial and tax incentives, while creating a safe investment climate.

In fact, the ministry is seriously considering allowing up to 50 percent of the resulting overseas grain into South Korea, a ministry official said.

The government initially decided to create the Economic Development Cooperation Fund (EDCF) to help conglomerates participate in the Mekong River subregion (GMS) development project after completing ongoing surveys conducted by the state-run Rural Development Corp., the official explained.

The ministry has also targeted four regions for overseas farming — a northern bloc that revolves around China and Russia, a Southeast Asian bloc that is centered on Vietnam and Indonesia, a South American bloc with Argentina and Brazil at the center, and an Oceania bloc with an Australia-New Zealand hub, according to the official.

The official said that South Korea needs to encourage overseas farming in order to cope with the global supply and demand instability of the world's grain market.

ROK: President Kim Yong-sam Joins Farmers in Transplanting Rice

SK2805090796 Seoul YONHAP in English 0822 GMT 28 May 96

[FBIS Transcribed Text] Ichon, Kyonggi Province, May 28 (YONHAP) — In a gesture encouraging the farmers engaged in rice transplantation, President Kim Yong-sam joined about 50 farmers in a rice paddy near here Tuesday morning in transplanting rice seedlings.

Kim promised the farmers to "develop rice farming into a lucrative and competitive industry." To that end, he said, exclusive rice farming will be fostered, production basis including arable land rezoning reinforced, and new, tasty and high-yield rice seeds developed.

Kim also exhorted the citizens "to elevate national security consciousness against possible provocations from North Korea that is suffering from food shortages and insecure systems," adding, "the government is also preparing to sternly cope with any possible North Korean provocation."

After transplanting rice, Kim chatted with villagers in Kunnyang 2-ri, Taewol-myon, Ichon, where he took refuge for a while as a student during the initial phase of the Korean war.

Kim earlier toured the rural development administration's national crops experiment station in Suwon to observe work involving the development of new strains of rice. He instructed the officials in charge to "study ways to improve the rice seed development research environment for to [as received] world standards."

ROK: KEPCO Opens Two Thermal Power Plants in Taean

SK3005044796 Seoul THE KOREA HERALD in English 30 May 96 p 8

[By staff reporter Kang Yon-sun]

[FBIS Transcribed Text] Taean, South Chungchong Province — Korea Electric Power Corp. (KEPCO) opened two units of thermal power plants with a combined power generating capacity of 1 million kilowatts yesterday.

Headed by Prime Minister Yi Su-song, a slew of high-ranking government officials including Pak Chae-yun, minister of trade, industry and energy, attended the ceremony in this coastal city located about 150 km southwest of the capital Seoul.

Yi Chong-hun, KEPCO president, also was at the VIP-studded ceremony attended by a crowd of some 600.

Construction costs for the plants came out to be 1.29 trillion won (\$1.65 billion) over the last four-year period. Hyundai Engineering and Construction carried out the construction.

Electricity from the new facilities will be supplied to the residents in the western coastal area, a KEPCO spokesman said.

"The new plants will help meet stepped-up electricity demand in the summer months," said the spokesman.

Yesterday's opening is to be followed by the completion of two additional units in Taean.

Burma

Burma: Suu Kyi Thanks Japan During 1 Jun KYODO Interview

OW0106151496 Tokyo KYODO in English
1458 GMT 1 Jun 96

[FBIS Transcribed Text] Yangon [Rangoon], June 1 KYODO — Myanmar [Burma] pro-democracy leader Aung San Suu Kyi expressed gratitude Saturday [1 June] to Japanese Prime Minister Ryutaro Hashimoto for Japan's help in putting pressure on the ruling military junta to release arrested members of her party.

Suu Kyi said in an interview with KYODO news that such pressure helped to keep the junta from fully preventing a three-day convention held by Myanmar's National League for Democracy (NLD) in Yangon from Sunday to Tuesday.

The junta arrested some 250 NLD members in an apparent bid to prevent them from attending the meeting, the first large-scale opposition meeting since Suu Kyi was released from six years of house arrest last July.

Soon after the junta's arrests, the Japanese and other governments criticized the military regime, calling for the release of those arrested.

Of those detained, 111 have been released so far, according to NLD sources.

Suu Kyi also said Japanese pressure can help lead the junta to release all the arrested people.

She said the junta's reported action to have forced two of the arrested members to sign a paper to leave the NLD is illegal and should be nullified.

The NLD won 392 seats of the 485 at stake in the May 27, 1990, general election, but the junta ignored the results.

Burma: Suu Kyi Urges Tokyo To Persuade Military To Hold Talks

OW0406065696 Tokyo MAINICHI SHIMBUN
in Japanese 2 Jun 96 Morning Edition p 3

[Report on interview with Aung San Suu Kyi, secretary general of the National League for Democracy, by MAINICHI SHIMBUN reporter Hiroshi Takahashi on 31 May in Rangoon]

[FBIS Translated Text] Rangoon, 31 May — Aung San Suu Kyi, secretary general of the National League for Democracy (NLD), which is the largest opposition party in Burma, granted an exclusive interview to MAINICHI SHIMBUN on 31 May at her house in Rangoon. She said: "Our party scored an overwhelming victory in the 1990 general election. We want the Japanese people

to support us so that the Burmese people's wishes can be realized as soon as possible." Regarding Official Development Assistance (ODA) programs administered by the Japanese Government, Suu Kyi said: "Resuming yen loans at a stage when progress in the democratization process seems dubious runs contrary to the principles of democracy." In this way, she sought Japanese support for the Burmese democratic movement.

Suu Kyi stressed that holding the NLD convention was very meaningful, saying: "It was a success to bring together people seeking democracy into a political organization and have them unite." She appealed to the Japanese people, saying: "The people of Burma are seeking democracy, but the military junta is suppressing that." "Japan is a country that upholds democracy and human rights. Elections are the starting point for democracy. We ask that Japan do all it can to help bring the results of the 1990 general election into being as soon as possible."

As part of its ODA program, the Japanese Government is considering extending yen loans (approximately 20 billion yen) toward a project to enlarge Rangoon's airport. In this regard, Suu Kyi said: "It is undesirable unless we are fully assured that democracy and human rights issues will be resolved."

Suu Kyi asked that Japan be fair about resuming yen loans, saying: "The Japanese people should use their own eyes to determine whether progress has been made in the democratization process. I will object if Japan decides to resume yen loans based on what the military junta says."

Japan and Thailand, which take a "constructive intervention" policy toward Burma, have expressed regret at the military junta's recent detention of NLD members. In this regard, Suu Kyi said: "It is nice to know that Asian countries are beginning to raise their voices to object to attempts to suppress our country's democratic movement." She then added: "The NLD leaves its door open to the military junta to hold discussions. We want Japan to convince the junta that dialogue is the best approach."

Burma: Embassies in Brazil, South Africa Opened

BK0406104196 Rangoon Radio Myanmar in Burmese
0130 GMT 4 Jun 96

[FBIS Translated Text] The Ministry of Foreign Affairs of the Union of Myanmar [Burma] has issued a press release on 4 June stating that, with a view toward enhancing the existing friendly relations between the Union of Myanmar and the Federative Republic of Brazil, the Embassy of the Union of Myanmar has

opened in Brasilia, capital of the Federative Republic of Brazil, on 4 June 1996. The embassy will be headed by an ambassador extraordinary and plenipotentiary who will reside in Brasilia. Presently, Minister Counselor U Thein Swe is serving as charge d'affaires ad interim.

The Myanmar Embassy in Brasilia is the first ever Myanmar diplomatic mission to be established in South America. The embassy will therefore be able to look after Myanmar interests, not only in Brazil, but also in the countries of the region. Myanmar and Brazil established diplomatic relations on 1 September 1982, and Brazil has accredited its ambassador in Thailand concurrently as ambassador extraordinary and plenipotentiary of the Federative Republic of Brazil to the Union of Myanmar.

The press release also states that, with a view toward enhancing the existing friendly relations and to promote bilateral trade and cooperation between the Union of Myanmar and the Republic of South Africa, the Embassy of the Union of Myanmar opened in Pretoria, capital of the Republic of South Africa on 4 June 1996.

The Embassy of the Union of Myanmar in Pretoria will be headed by an ambassador extraordinary and plenipotentiary, who will reside in Pretoria. Presently, Counselor U Hla Pe Than is serving as charge d'affaires ad interim.

Myanmar and South Africa established diplomatic relations on 2 April 1995, and the opening of a resident embassy marked a new chapter in the bilateral relations between the two nations. Moreover, the Myanmar Embassy in Pretoria will be the first Myanmar mission in South Africa. The embassy will be able to promote the country's interests and commercial links, not only in South Africa, but also in the region as well.

Burma: Stability Implored; Suu Kyi Criticized

BK0106102096 Rangoon THE NEW LIGHT OF MYANMAR in English 28 May 96 p 4

[Article by U Myo Myint: "The Genuine Wish of the People"]

[FBIS Transcribed Text] In each independent nation, sovereign power usually belongs to its citizens. Legislative, executive and judicial powers are the three branches of the sovereign power. Laws protect the nation and the citizenry to ensure peace, tranquility and stability.

Criminal laws protect the citizens against the dangers of theft, robbery and killings. Hence, the government prosecute violators of the criminal laws. Regarding civil cases, affected persons or those claiming rights file cases at their own expense. People will have to live in fear as much as there is a rise in crime. Civil cases

are concerned with the damages claimed or to be paid by individuals from both sides. The law provides that crimes harm life and public property.

A nation without law should not exist in the world. No nation in the world has defined that every law imposes restrictions, is against people's democracy and is a hindrance to human rights. Once the law ceases to exist there will be anarchy, killing, robbery and beatings at an alarming rate like the animal world.

In Myanmar [Burma], laws, Hluttaw codes of law and rulings have been in existence since the time of Myanmar [Burmese] kings. Laws were drafted and promulgated when the British imperialists occupied and enslaved the country. Successive governments after regaining independence also promulgated and amended laws and made amendments to them.

Law breakers cannot escape the law. The laws, by-laws, rulings, procedures, orders having the force of law, declarations and notifications being put into use in Myanmar have the force of law. Citizens have to abide by them. Only then will there prevail the rule of law and will community peace be maintained. This will in turn lead to stability and progress.

Violations of law usually occur whenever there is power rivalry, splits and deteriorations in unity. The rise in violations contributes to excess in anarchistic acts leading to loss of public life and property. Every government, be it military, civilian, socialist or democratic, has to ensure the rule of law. Only then will stability and peace be secured.

Anarchism usually reigns and wild cats or destructive elements are active whenever laws are broken with contempt and due to outside interference. The 1988 disturbances constituted the worst of anarchism. The government had to exert its utmost efforts to bring stability and peace to the nation, ensure security and smooth transport and create conditions to enable the public to live in peace.

All are well aware that the 1988 disturbances were created in collusion with leftist and rightist, above-ground and underground and internal and external elements. Acts of beheading, destruction of factories and mills, looting and coercion committed during the disturbances had nothing to do with democracy or human rights.

A group of opportunists wishing to take over the post of the president or the prime minister through the formation of interim governments assigned duties to rabble rousers and wild cats to create reign of anarchy to secure their desired positions. Nobody was in a position to control the beheaders and those destroying

warehouses and factories and mills. Those from outside the country added fuel to the disturbances.

At that time, BCP [Burmese Communist Party], too, had its own plans to take its share in the interim government. It planned to kick out the rightists later. The rightists joined hands with the leftists including the BCP. They had own plans to crush them later with outside help. If the incumbent Ma Hsa La [Burmese Socialist Program Party] government handed over the interim government power to them, there would have been in-fightings among the groups in a matter of days. The leftist BCP group at that time had a strength of armed men. Neo-colonialist troops from outside would enter the country in support of the rightists, on the other hand. Conditions were that there was a possibility of a bloodbath in Myanmar two or three years earlier than Bosnia. It was averted because of the Tatmadaw [defense services] which came to the rescue in the nick of time.

Even after the 1988 disturbances, laws were broken with impunity. When permission was granted to form political parties, those under the influence of BCP in the jungles and those under the influence of neo-colonialists played the leading role. There was rivalry to gain political power. They took a confrontational course against the government.

When disturbances were at the height, lawyers were involved. They are among the law breakers bent on causing disintegration of the Union till today. Lawyers are versed in criminal law such as the Penal Code, the 1950 Emergency Provisions Act and the Unlawful Associations Act. They are the persons who know that lawbreakers of the 1988 disturbances and today are those who violated or are violating the provisions of treason, libel and the Unlawful Associations Act in their connections with the illegal organisations outside the country.

If one comprehends law, he will understand the fact that representatives-elect were elected by voters according to the Elections Law for four-year term. It is exasperating to hear outcry that their parliamentary term has not been over yet as long as they do not get power. Aliaka Kyawswa Shweman U Tin Maung staged a play entitled "a glass ball merchant" in which the greedy and dishonest glass ball merchant lost one hundred thousand worth gold bowl which he wanted free of charge and want mad due to his extreme greed; and he was asking everyone to give back "his gold bowl". Shweman U Tin Maung acted as the greedy glass merchant who became completely mad. The play was life like. I still remember his manner running everywhere and repeatedly demanding "his gold bowl".

Aliens will continue their incitement. The more riots and destructions in Myanmar the more pleased the imperialists are. Nations of the West bloc who value and uphold their own laws are applauding breaking of law, civil disobedience and riots as struggles for democracy.

The West bloc is wresting the position of international police to employ neocolonialist tactics. They are throwing their weight about ordering governments of certain countries to quit, demanding certain persons to be replaced, and so on. The West bloc is not willing to see whatever the Nawata [SLORC — State Law and Order Restoration Council] is doing for stability of the present-day Myanmar Naing-Ngan, [Burma] making peace with almost all armed groups, bringing about all round development and building the nation to become modern. They are collaborating with the axe-handles as they feel they can do whatever they like in Myanmar if they can overthrow Nawata (Tatmadaw) government. They are inciting people to break and oppose the laws in Myanmar.

Aung San Suu Kyi, daughter of national architect Bogyoke Aung San, who led the national independence struggle, and wife of Englishman Michael Ais, is now acting as a puppet for the imperialist group. Sein Win, son of Arzani leader U Ba Win (Bogyoke Aung San's elder brother), betrayed the national cause and is now engaged in destructive acts as an expatriate. They are conspiring to return independence, which their fathers and Myanmar nationals regained, to neo-colonialists.

Union nationals of the entire country are chanting slogans that those attempting to destabilize the nation, oppose the National Convention and obstruct and jeopardize nation-building tasks and development must be regarded as public enemies and crushed. People are disgusted with the axe-handless who are doing politics with foreign reliance.

People are angry with what the two cousins, Ma Suu Kyi and expatriate Sein Win, are shouting synchronously with the West bloc not to visit Myanmar in Visit Myanmar Year and not to invest in Myanmar. All know that they mean Myanmar must go hungry as long as the two of them do not get power.

The public is also disgusted with the NLD [National League for Democracy] followers who are acting in the two traitors' nation-destruction plot in rousers' role. The NLD followers who are ready to betray the national cause for their self-interest are now grouping on University Avenue every Saturday and Sunday to attend law-breaking tuition. They are those who cannot become somebody with their own ability. Therefore, they are waiting for their chance with great expectation depending on the lady.

If Ma Suu Ky and her accomplices are not the axe handles of the imperialists, prove this by staying away from diplomats, reporters and correspondents of those countries. If she really believes that the public desire and support her, ask the qualified NLD members to enter the elections in accord with the law after emergence of the new State Constitution. Don't break the law. Respond with respect to goodwill of Nawata government which forgives like a parent. Though the government patiently handles law-breakers, the public is getting impatient. Don't try to pull the public into abyss again as in 1988. Representatives-elect whose tenure has passed two more years must not plan what oughtn't to.

Too much power-craze leads to destruction. Take lessons from those who had become expatriates for being too much power-crazy. Democracy does not mean free breaking of law. So also, basic human rights is not licence. Only when law is abided, will there be its prevalence. Only when there is prevalence of law, will there be stability of the State and community peace and tranquility. Only a peaceful and stable nation can prosper. Don't let yourselves [be] punished by the public. Don't sell your country for power, dollar and award money.

Don't calculate like a numbers game thinking foreign countries will do such as such a thing to vest them with power. It is the nature of the alien that if the flower smells sweet, they adorn it but if it fades they throw it away. There were many instances that they once used and when they found it was not okay, they themselves crushed with their feet. Study them again. Study the history of Ngo Dinh Diem and Ngo Dinh Nhu of South Vietnam and Mr and Mrs Marcos of the Philippines.

Let me confirm again the people's true and genuine wish. They really want prevalence of law and order and stability of the State. The opportunity to carry out tasks for stability of our State is sovereignty of our Myanmar Naing-Ngan. No foreign country has right to hinder the endeavours for building our Myanmar Naing-Ngan to be peaceful and developed. All Union nationals regard any such hindrances as encroachment on sovereignty of Myanmar.

Burma: Paper Warns Teachers, Students Not To Be Swayed by Minions

BK0306125796 Rangoon THE NEW LIGHT OF MYANMAR in English 3 Jun 96 p 6

[Editorial: "For Peaceful Pursuit of Education"]

[FBIS Transcribed Text] Education cultivated the young minds to improve their knowledge and skills in arts, science and technology and equip them with national

outlook. National education, as we call it today, is tended to revive the spirit of patriotism and nationalism and produce intellectuals and intelligentsia who will be able to implement our aspired goal of building the nation to become peaceful, developed and modern.

These points are worth mentioning today when basic education schools reopen for the new academic year 1995-96 and peaceful pursuit of education might be harmed by destructionists and lackeys of the aliens.

As we talk about peaceful pursuit of education, it reminds us of the time when all basic education schools and institutions of higher learning came to a halt because of the 1988 disturbances. The acts of destructive elements, who committed arson, looting, ruthless killings and became so bold as to destroy factories, mills, offices and schools, are stark reminders.

In every endeavour, time factor is of paramount importance. Especially in education, closure of schools, universities and institutes for over one year was a great loss to the nation as well as for the individuals concerned.

Can we allow such a situation to recur? That is a serious question as students and children paid dearly due to hindrance in their peaceful pursuit of education.

Nowadays, a group of traitorous minions of the aliens is found to be obstructing the government's constructive endeavours. These elements with negative outlook are engaged in instigations to jeopardize the accomplishments of the government. Moreover, they are waging a whispering campaign, spreading concoctions and perpetrating incitements from inside and outside the country.

Under these circumstances, all must be aware that peaceful pursuit of education might be disturbed by these elements who also wish to make political capital out of the existing situation.

Thus, teaching prescribed texts in class alone is not enough. Pupils must be nurtured to be physically strong, morally straight and mentally awake so as not to be swayed by minions.

Peaceful pursuit of education plays a crucial role for the nation and for pupils themselves. As it is a requisite for improvement of national education system and contributing factor for realization of the goal "Uplift of health, fitness and education standards of the entire nation", all teachers and pupils are duty bound to protect it with due vigilance.

Burma: Paper Denounces 'Stooges,' Countries for Interference

BK0306125896 Rangoon THE NEW LIGHT OF MYANMAR in English 2 Jun 96 p 6

[Editorial: "Peace and Stability"]

[FBIS Transcribed Text] When the colonialists had to abandon the idea of extending their unwanted stay in Myanmar [Burma], they did leave a legacy — that of the internal insurrection which stunted progress and development. There was no peace. In its absence, nothing much could not solve the problem.

However, the magnanimity and goodwill of the State Law and Order Restoration Council were properly understood. It helped the former armed-groups understand what was being done in the national interest, narrowing down differences and creating better understanding. Brethren who had seen things in different light for about four decades admitted they found the offer of the government irresistible.

The national reconsolidation brought to the legal fold 15 of the 16 groups who were up in arms against the governments. The MTA [Mong Tai Army] under U Khun Sa has been disbanded. Border areas and national races are today getting their priorities attended to by the government.

Infrastructure, health, education and welfare, new lifestyles whatever else that mattered was brought to those remote places. With peace, both economic and political stability have come to them.

It is the policy of the Tatmadaw [Defense Services] government to see to the improvement of the quality of life of brethren wherever they may be. Never before had so much been accomplished in so little time.

This is the way we see it. Not the way a certain pessimistic group suffering from myopia do. They are blinded by the obsession that Myanmar [Burmese] need Western assistance and influence to do properly what they are doing. This is a terribly wrong notion.

Today, as has been exposed by the rallies being held in States and Divisions, the agents saboteur, the lapdogs of neocolonialists who resond [word as received] to foreigners' beck and call are harming stability, discrediting what the government had accomplished at every angle, and undermining the endeavours of the people and the government.

A bunch of stooges hope to reverse the progress that has been made, create another 1988 [disturbance] and push the Union close to the abyss. They stymie trade and investment.

Whether they as stooges want to dismantle the system and supplant it with a foreigner-dictated one or not is their own lookout. For the masses rallying to endorse the good work they have done together with the government are now openly demanding that stooges along with foreign nations interfering in the internal affairs of Myanmar be opposed and ostracized.

Stooges today are under the glare of public scrutiny. They, together with their masters be on the lookout.

Burma: Editorial Claims Opposition 'Acting as Stooges'

BK0306114096 Rangoon THE NEW LIGHT OF MYANMAR in English 1 Jun 96 p 6

[Editorial: "Stooges"]

[FBIS Transcribed Text] It is not difficult to make out a stooge from a patriot. Speech and manner of action too easily give away those who are in the pay of colonialists trying to make a comeback or rule by proxy which is the general trend these days.

Masses are rallying to endorse the good cause of national development, reconsolidation and all entire spectrum of endeavours successfully being made by the State Law and Order Restoration Council.

Masses at the rallies demand that the authorities expose and oppose those relying on external elements, acting as stooges, holding negative views.

Who are those people and what are they up to? Articles which have appeared in this and other dailies have been clearly pointing out those people and what they are up. Actually, not much needs to be done to expose them. Their very words and acts give them away too easily.

As it was during the four-8 [8 August 1988 disturbance] fiasco, the destructive acts of minions and the timing given by the electronic media of the colonialist masters that pull their strings are properly synchronised.

The connivance of internal stooges and the timing given by their cohorts from outside the country are very transparent. When true patriots come to analyse them and see them in their proper perspective, their acts and those of their cohorts are all the more despicable.

The concoctions aired by subversive radio stations can easily be seen through. They reflect the connivance that is being created in order to sow doubt and uncertainty among the gullible.

Pressure is advised by the stooges within, and their masters outside threaten sanctions and this and that. Little do they understand the Tatmadaw [Defense Services] Government will not be cowed by such threats. Myanmar

[Burma] is self-sufficient in food, clothing and shelter and her leaders at no time have been ideologically or politically bankrupt.

No one here at home or abroad can deny the fact that Our Three Main National Causes [non-disintegration of the union, non-disintegration of national solidarity, and perpetuation of national sovereignty] aptly apply here or anywhere else. The Tatmadaw, or for that matter any sane citizen, will never allow disintegration of the Union, for that would turn Myanmar into a new Bosnia where fratricide and carnages have been taking place unabated. The self-styled champions of negotiation and democracy have been observed to have further complicated and aggravated the situation there.

Non-disintegration of the Union, non-disintegration of national solidarity and perpetuation of sovereignty are essential especially when hostile elements outside the country and their stooges inside are striving to have just the opposite.

Only the materialisation of Our Three Main National Causes can safeguard the survival of our motherland. Regardless of how much hostile elements and their stooges try, unity and amity shall prevail.

The voice of the masses at the rallies is the voice of reason. Their unanimous endorsement of the achievements of the people and the Tatmadaw and their condemnation of the atrocious schemes of those who wish this Union and her citizens ill, are the true reaction of patriots who have stood the test many times.

We must expose and ostracize those dangerously engaged in relying on external elements, acting as stooges, holding negative views, for they pose grave danger to the citizen and the State.

Burma: SLORC General on Suu Kyi's 'Attitude,' Possibility of Talks

*BK0306083796 Melbourne Radio Australia
in English 0630 GMT 3 Jun 96*

[From the "Pacific Beat" program]

[FBIS Transcribed Text] Burma's military government says it will not open talks with Opposition leader Aung San Suu Kyi because of what she stands for. In an exclusive interview, the military ruling SLORC [State Law and Order Restoration Council] regime told Radio Australia dialogue is possible only if Suu Kyi first accepts the role in politics for the military. The comments follow the opposition's most provocative move yet, with the party congress it says will be the first of many. Evan Williams reports the generals warn they are prepared to redetain Suu Kyi if she disrupts their political and economic plans.

[Begin recording] [Williams] Burma's generals have weathered the storm of international condemnation following their mass detentions of the opposition MP's elected to run the country, but still ignored. They step up the hardline vitriolic rhetoric against her amid warnings some of her activities, like speaking to the people from her gate, are in fact illegal, and now for the first time a senior member of the SLORC regime, [Hotels and] Tourism Minister Lieutenant General Kyaw Ba says the generals do not want to open dialogue with Suu Kyi.

[Kyaw Ba] Well, she don't have a good image on us. She is always confronting us and also she is criticizing to us, and we know, we understand that it won't make any progress when we hold dialogue with her. So the only thing is we must concentrate on our work only. Not talking.

[Williams] That action is only focused on boosting the economy, not discussing politics. Last week, the regime issued a conciliatory tone about the possibility of opening talks, but Gen. Kyaw Ba reaffirms the substance of that offer that she must first accept the military will have a role in politics still stands.

[Kyaw Ba] To dialogue with her is, I think, we must consider. We must consider how she will go with her attitude and with her. We can't understand what is inside her mind and inside her heart.

[Williams] If she is less critical then the talks are possible?

[Kyaw Ba] I think if she has, what you call, an optimistic outlook on the SLORC, then there will be - we can find the ways and means to dialogue with her.

[Williams] Suu Kyi says the elected parliament should be supreme, but everything is open to negotiations and while the people have decided they do not want military dictatorship they have yet to decide exactly what role the Army should have, but so far, that's not enough for a cautious regime worried about making mistakes like the last election and even fearing revenge for decades of oppressive rule.

[Kyaw Ba] We don't want to have a country to be disintegrated. We don't want to be a country like Bosnia or like in Russia. Her people can create such a problem. She wants to make turmoil and upheaval, create chaos. That's why we have to control, we have to be very careful how to deal with her.

[Williams] Basically the generals do not even want to consider opening talks with Suu Kyi until at least they have their new constitution in place guaranteeing the Army's substantial political power. They say they do not want to redetain Suu Kyi, but if she becomes a

major barrier to economic regeneration and the Army's political plan, they will.

[Kyaw Ba] If she is not arousing the people to go on the streets and to, what you call, to make a problem, we won't say anything. We won't say anything. It will depend on her only. On her intention and how her attitude and her, what you call, activity only.

[Williams] Meanwhile, the regime is banking on foreign and, especially, Asian traders looking only at the bottom line of one of the world's last investment frontiers to boost their position and ease political tension with the people. While inflation is dangerously high and there is a long way to go some say it is starting to work. [end recording]

Burma: Editorial Urges Annihilation of 'Destructionist Group'

BK0306141396 Rangoon KYEMON in Burmese 31 May 96 p 2

[Editorial: "Oppose and Attack All Those Destroying the Nation's Stability and Progress"]

[FBIS Translated Text] "Stability of the State, community peace and tranquility, and prevalence of law and order" has been clearly stated as a fundamental goal in the four national political objectives.

At present, the nation is enjoying stability and progress together with good economic foundations. During this time, the act of a destructionist group, that intends to obstruct the peace and tranquility of the lives of the national races, has evidently emerged like ripples caused by throwing a stone in calm water.

They have created acts which obstruct the prevailing stability and growth. This internal destructionist group, relying on external forces and used as a crony of a big foreign power, has attempted to put the country into servitude. In collaboration with anti-Myanmar [Burma] organizations in some foreign countries and some TV and radio stations they have also disseminated fabrications.

This group, putting their party's aim and obtaining power in the forefront, has incited internal strife. The axe-handle national traitors prefer to look at the face of power rather than the country. Their act to sell the country to a foreign country is without regard to race, religion, or creed, and they feel undisturbed in obstructing the rule of law as influenced by the neocolonialists.

The national races are now aware of the neocolonialists' intentions. They have started to denounce the axe-handle group's destructive acts and openly support the nation's

beneficial developments. The Myanmar people love a life of peace and tranquility and have gladly accepted the development works of the government.

The people have obviously displayed their nonacceptance of activities destroying national stability and progress. Furthermore, they have also vowed to annihilate those who obstruct peace and stability and hamper development considering them a common enemy.

The State has already made arrangements for the people never to be put into servitude and will totally annihilate any ruinous acts by internal axe-handles and external destructionists.

The national races have experienced the wit of colonialists in Myanmar's struggle for independence and have also anticipated the neocolonialists' moves. Furthermore, they have understood the destructionist group's selfish thoughts of obtaining power by means of a shortcut.

Therefore, KYEMON emphatically believes that the people, who are walking the straight, peaceful, and stable path to a true democratic State, will definitely triumph over the destructive acts of destructionists and external interferences.

Burma: Pro-SLORC Rallies Held in Tachilek, Ma-ubin, Thaton

BK0406061496 Rangoon Radio Myanmar in Burmese 1330 GMT 3 Jun 96

[FBIS Summary] A mass rally attended by more than 15,000 people to support the national building efforts of the State Law and Order Restoration Council [SLORC] and to condemn all destructionists was held at the Myoma Sport Grounds in Tachilek on 2 June. U Khin Maung Myint, presiding chairman of the rally and headmaster of the high school in Tachilek, addressed the rally. He said: "The SLORC had to take over state responsibilities under unavoidable circumstances due to disturbances in 1988." He explained that soon after taking over state responsibilities, the military government laid down and implemented the four essential tasks [prevalence of law and order; meeting people's need for food, clothes, and shelter; smooth and safe transportation and communications; establishment of multiparty democratic system], on which progress had been achieved on all fronts. He said that success is being achieved at systematically carrying out all-around development tasks throughout the country, including the border regions.

U Khin Maung Myint said almost all the armed groups had joined hands with the government in the task of

national advancement—the result of the invitation extended by the government with sincere goodwill to ensure national reconsolidation. He also noted the SLORC government had laid down 12 political, economic, and social objectives that are being implemented systematically. Progress has also been made in effort to bring about an enduring state constitution that is indispensable for the state. Success has also been achieved in the agriculture sector, foreign investment, and border region development. He said: "Those envious of these achievements are creating a situation similar to 1988 fiasco." He said: "The people should mark these elements obstructing national progress, minions relying on external elements, and national traitors as their common enemy." He then stressed the need for all of the people to collectively eliminate these destructive elements.

He concluded by urging all the people "to give their unanimous support to the national construction tasks undertaken by the SLORC for national well-being and to denounce, ostracize, and crush all destructionists." A motion supporting the constructive endeavors of the SLORC and denouncing destructionists was tabled by Dr. Mya Thaung of Tachilek, and it was seconded by Daw Khin Sein Shwe of Tachilek. All those present at the rally expressed their support and adopted the motions unanimously, and the mass rally concluded with chanting of slogans.

A similar rally was held in Thaton on 1 June. It was attended by 56,000 people, who unanimously supported the constructive endeavors for the well-being of the state and denounced destructionists. U Aung Myint, a Township Cooperative Department officer, addressed the rally. He said: "The SLORC has made untiring efforts for the security of the people, the rule of law, and the peace and tranquility of the state." He said 18 indigenous armed groups had returned to the legal fold in response to the genuine goodwill of the Defense Services and are now joining hands with the government in working for the national well-being. He then cited the achievement of peace and smooth transportation in Mon State. He said: "the Defense Services viewed legal political parties and organizations as national forces with whom it should work together. Accordingly, it convened the National Convention to bring about a lasting state constitution." He said: "Although a major political party turned its back on the National Convention, the convention will continue with its task. After the new state constitution has been written, a genuine multiparty democratic system desired by the people will emerge and flourish." Citing the government's achievements in economic reforms and development tasks and in attracting foreign investment, he adds: "The country has now become a golden land." He said: "The destructionists,

who are envious of these achievements, are trying to find various means to drag the nation into an abyss of servitude again." Daw Yin Yin Htay, senior assistant teacher of No. 2 Basic Education High School of Thaton, introduced a motion supporting the national construction endeavors of the SLORC and denouncing the destructionists who are trying to disrupt the prevailing peace and stability. The motion was seconded by U Soe Myint, headmaster of No. 3 Basic Education School. The motion was unanimously approved and adopted, and the mass rally successfully concluded with the chanting of slogans.

A similar rally attended by 35,000 people was held in Ma-ubin on 31 May.

Burma: Report Provides Latest on Khun Sa's Activities

BK3005062096 (Internet) BurmaNet News in English 30 May 96

[SHAN HERALD NEWS AGENCY report: "Summary of News About Khun Sa/MTA in the Past Month" by "Inside Sources" dated 28 May]

[FBIS Transcribed Text] In mid April (15-16/4), Khun Sa's second son Zao Zarm Hurng (who has taken over the responsibility from Khun Sa and Fah Lang to see that the remaining 1,600 ex-members of the MTA [Mong Tai Army] and 300 disabled soldiers still have their monthly allowance of rice and money), who had gone to Rangoon to see his father returned to Ho Mong. He had gone to see his father with the hope of getting some of the business concessions or contracts such as for timber, mining, gems, gem factories, road construction, etc. which they had asked from SLORC [State Law and Order Restoration Council] generals. But Zao Zarm Hurng said that he had waited in vain for over a month without gaining anything as yet. SLORC officials kept on telling him to wait a little more and if urged they would suggest him to go to so and so person or to apply at this or that office. It had been a waste of time, he said, and the only worthwhile thing was that he had the opportunity to visit Mandalay, the gem mines of Mong Hsu, Mong Kut (Mogok) and jade mines of Hpakan and Ta Makharm.

But, in his speech to some remaining seven to eight officers and military trainers, he urged them not to lose heart, and not to trust any rumors and go away. He said that he had arranged to ask the SLORC Division Commander of Ho Mong for permission to open up factories to make chopsticks, toothpicks, paper, limestones etc. And if they were not permitted to do this, they would go to work in gem mines in a group.

When Zarm Hurng went to see him, Khun Sa was staying at a small house on an island in Inya Lake.

Since February, most of the former MTA officials who are Chinese nationals (Khun Sa's men of the original SUA [Shan United Army]) have moved to live in Burma proper. They did not want to live in Ho Mong nor dare to live in Shan State, as if they were afraid of Karn Yord's group, SSNA [Shan State National Army], or others. (There has been widely spread news that Shan soldiers often rob and kill Chinese nationals). When they left Ho Mong in 3-4 groups, though safe in their own cars, they dared not leave until there were 7-8 cars to form a group.

Gem cutting machines and equipment which Khun Sa's men had taken to Taunggyi are being piled there (at the newly expanded quarter called Myo Thit). There is still no place to use them.

Khun Seng, Khun Sa's uncle, and a group of Loimaw Chinese, consisting of 10 households, have gone to live in Rangoon at an extended V.I.P quarter called Shwe Pyi Than Myo Thit. Some have gone to buy or rent houses and live at Sein Mya Karn Thar quarter in the outskirts of Rangoon. Khun Seng and Fah Lang (former chief of Staff of MTA) can rent house and live freely, not like Khun Sa who is under the control of the MI [military intelligence]. Khun Seng is said to be trying to set up a brick factory on the road to Mingaladon. Of the gem mining concessions they have requested, SLORC have granted them 10 plots at Hparkan jade mine and 10 plots at Mong Kut (Mogok) ruby mine (nothing has been heard about Mong Hsu ruby mine). But the granted plots are places which are not wanted by others and they would have to go and choose by themselves.

Contracts which Khun Sa and his group have been granted and are in the process of registering are trading companies (transportation, gem mining, ore mining) etc. They are looking for places in Pegu, Mandalay and Lashio to open up branches. Timber and road construction contracts have not been given to them but to Lo Hsin Han (former famous opium warlord) and his group in association with other five companies. They have been given the contract to build, repair and improve roads from Mandalay to Mu-se.

At the moment the Khun Sa and Khun Seng group does not look very financially strong (perhaps because they have not yet drawn enough money from their bank accounts in Thailand). In early May, a man from Ho Mong (a reliable source) who had been near to Khun Sa said that SLORC had agreed to pay (as compensation) 500,000,000 Kyats for the surrender of the Ho Mong area and 200,000,000 Kyats for the areas of Mai Sung, Mong Taw and Mong Htar. A former Shan junior officer

under Khun Sa had the following remark, "This SLORC money will only go to Khun Sa, and a group of his relatives. It won't go to anyone else."

On 22-23/4/96, Khun Sa sent for four-five of his old followers and trusted men to go and work for their group in Rangoon: Khun Sa has formed a 25-member-committee in Rangoon and they are to take the leading posts in business and military affairs (according to their plan to recruit men and establish home-guard paramilitary unit called Kar Kwe Yay).

The four-five men which he sent for were mostly Chinese of his original SUA group. A Shan Lt. Col. Zai Lurn Sau was also called, but could not go because he was not one of those who had surrendered. He said "My life is not in their hands. Khun Sa himself had made a pledge in front of the spirit-house that he would not betray our national cause and kowtow to the Burmese as long as he was alive. But now he has duped the people of Shan State. How could we continue to work with them?" Khun Sa had sent word to Zai Lurn Sau to go to him in Rangoon and to Maj. Zai Kham Phar to lead his 400-500 men to surrender at Tachilek. But Zai Kham Phar said he could not surrender. If he could not stand on his own feet, he would have to go and seek help from UWSA [United Wa State Army] at Panghsang.

Col. Suu Lai, who had been the commander of the areas north and west of Tachilek and who has not surrendered, was approached by Lt. Col. Lurn Sau and Maj. Kham Phar to join their force. But he refused, and even told them not to come near him. He said that at the moment he would not work with any other group, because he had worked with Khun Sa as his follower for so long that he could not do anything that would hurt him.

Burma: Formation of NCUB Presidium, Secretariats Reported

BK0106125396 (Internet) BurmaNet News in English 30 May 96

[Unattributed Report]

[FBIS Transcribed Text] New Formation of NCUB [National Council of Union Of Burma]

Presidium: 1) Chairman: General Mya (DAB [Democratic Alliance of Burma]/KNU [Karen National Union]);

2) Vice Chairman (1): Dr. Sein Win (MPU [expansion unknown]/NCGUB [National Coalition Government of the Union of Burma]);

3) Vice Chairman (2): General Tarmalar Baw (NDF [National Democratic Front]/KNU);

- 4) Vice Chairman (3): U Win Khet (NLD-LA) [National League for Democracy-Liberated Area];
- 5) Member: U Tin Maung Win (DAB/CRDB [Committee for Restoration of Democracy in Burma]);
- 6) Member: U Maung Maung Aye (MPU/NCGUB);
- 7) Member: Saline Myo Aye (NDF/CNF [Chin National Front]);
- 8) Member: U Maung Saw Oo (NLD-LA) Secretariats;
- 9) General Secretary [GS]: U Tin Aung (NLD-LA);
- 10) Joint GS: U Moe Thee Zun (DAB/ABSDF [All Burma Students' Democratic Front]);
- 11) Member: U Myint Zaw (DAB/DPNS [Democratic Party for New Society]);
- 12) Member: Dr. Naing Aung (DAB/ABSDF);
- 13) Member: U Khon Var Ko Bann (MPU/NCGUB);
- 14) Member: U Maung Maung Lat (MPU);
- 15) Member: U Khine Soe Naing Aung (NDF/APL [expansion unknown]);
- 16) Member: U Khon Oakar (NDF/PAO [expansion unknown]);
- 17) Member: U Than Thut (NLD-LA);
- 18) Member: Pado Mann Shar (DAB/KNU)

Burma: KNU Launches Offensive Against DKBA

BK0406040996 Bangkok THAILAND TIMES
in English 4 Jun 96 p A2

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak — Some 200 Karen National Union (KNU) troops yesterday launched an offensive against Democratic Karen Buddhist Army [DKBA], according to Thai border police.

The clash, which lasted only about 30 minutes, did not result in any casualties or damage.

Four stayed shells landed in Thailand in Mae Dan subdistrict of Tha Song Yang district. However, there were no injuries reported.

The KNU forces, led by the 7th Division's Maj Kyaw Phyu, surrounded the DKBA's Mawphokay camp, located about six kilometers from the Thai border, and fired with heavy artillery.

Another fighting between the two forces took place at the same time about three kilometers from the Mawphokay camp.

On Sunday, the KNU attacked a DKBA stronghold, just opposite Tha Song Yang district, killing three DKBA soldiers.

A border security unit source said that at a meeting of senior DKBA officials held between May 20 and 23 — it was decided that they would launch an aggressive campaign against the KNU.

The DKBA, a splinter group of the KNU, defected to the Burmese military junta and has regularly fought against their former allies on behalf of the Burmese government. The DKBA has since operated crossborder raids into Thailand.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: More on Prime Minister's View of Israeli Election Outcome

BK0306034296 Kuala Lumpur UTUSAN MALAYSIA
in Malay 3 Jun 96 p 2

[Unattributed report]

[FBIS Translated Text] Langkawi, 2 June — Malaysia believes that new Israeli Prime Minister Benjamin Netanyahu of the Likud Party will dampen the peace process between the PLO and Israel.

Prime Minister Datuk Sri Dr. Mahathir Mohamed said he shares this opinion with Palestinian president Yasir 'Arafat, who is strongly supported by Malaysia. In this connection, he said Malaysia will definitely and continuously monitor all developments prior to making any decision on the issue.

The prime minister made the statement to reporters after visiting several development projects here today.

He was asked to comment on Netanyahu's victory over Israeli Prime Minister Shimon Peres in the election held on Wednesday, which gave rise to the PLO's concern over the future of the PLO-Israel peace agreement. Yasir was reportedly surprised by the defeat of Peres and is said to "truly consider the peace process halted."

Datuk Sri Dr. Mahathir Mohamed also viewed Netanyahu's victory as a success for the Palestinian extremist group Hamas [Islamic Resistance Movement] in its effort to obstruct the West Asia peace process.

Extraordinary

The prime minister viewed the victory as extraordinary, particularly as the Islamic extremists (Hamas) and Jewish extremists were willing to cooperate to bring about the collapse of the peace process. According to Dr. Mahathir, Netanyahu — the extremist who won the elections — is against territorial exchanges in the peace process. He has also assisted Hamas, which is opposed to the peace process.

He said: "In fact, I believe that Jewish extremists and their Islamic counterparts definitely do not want to seek

an amicable solution but only want to wage war and create dissension."

Dr. Mahathir, who is truly disappointed with the situation, said he did not know how long the situation will continue.

Malaysia: Radio Commentary Praises Cooperation With Thailand

BK0306111496 Kuala Lumpur Voice of Malaysia in English 0810 GMT 3 Jun 96

[Station Commentary]

[FBIS Transcribed Text] There is no denying that the future of both Malaysia and Thailand is very closely intertwined. As neighbors, there will be plenty of opportunities, but there will also be problems; but thanks to the far-sightedness and vision of their leaders, they have shown to others a cooperative spirit as the best way rather than confrontation. Notably, it has the tenacity to expect opportunities even in the most problematic of areas. So is the case with the Joint Development Authority, JDA, between Malaysia and Thailand.

Despite overlapping territorial claims, the neighbors set aside their differences by means of economic cooperation. Both countries have thus turned a potential conflict into a source of opportunities to exploit and equitably share in the natural resources. The result is that the area has now developed into a lucrative joint venture to produce oil and gas. As a result, economic and political links have been strengthened.

Thai Prime Minister Banhan Sinlapa-acha advised that minor irritants should not distract the existing close and cordial ties, certainly very true for his country and Malaysia. Indeed, together much can be achieved as they have done in the past when they jointly tackled the communist bandits along the border. By encouraging the private sector to lead in the development of the Indonesia-Malaysia-Thailand Growth Triangle, the seed for real cooperation has been sown. This will prepare them for bigger things when the ASEAN Free Trade Area is realized by the year 2003.

The development of the Mekong Area and the construction the Trans-Asia rail network augurs well for better linkages. The idea to exploit their respective comparative advantages to develop a common growth area is not only economically logical but politically desirable as well.

A weakness in bilateral relations is in the area of direct investment. They only amounted to 552 million ringgit in 1995 despite the incremental expansion in two-way trade. To rectify that, the Thai delegation visiting Malaysia now includes the large business delegation.

There are wide business opportunities in manufacturing, transportation, utilities, and communication sectors. Both private sectors should look to joining hand and possibly invest in third countries, especially in emerging economies.

It is good to know that the broad cooperation for the joint commission and the General Border Committee are proceeding well. In many instances, they manifest the confidence and trust Malaysia and Thailand place in each other. People-to-people contact is also potentially important. Malaysia and Thailand are relatively small nations but they have shown their commitment and courage to participate and contribute positively in the realm of multilateral cooperation. This, they have done through the United Nations and numerous other agencies. Their joint contribution towards regional as well as global peace and prosperity cannot be denied. They have done a good job together.

Malaysia: Mahathir Condemns Attempts To Revive Deviationist Teachings

BK0306111396 Kuala Lumpur BERITA HARIAN in Malay 3 Jun 96 p 2

[Unattributed report]

[FBIS Translated Excerpt] Langkawi, Sunday — Datuk Sri Dr. Mahathir remarked that punitive action will be taken against former members of al-Arqam who try to revive the deviationist religious movement. The al-Arqam members are acting in an effort to save the country's Islamic community from being misled from true Islamic teaching.

While expressing his regret over the action by the former al-Arqam leader Ashaari Muhamad for his empty promises to rehabilitate all the movement's former members, the prime minister said the government will not hesitate to take punitive action against the former members.

Mahathir was speaking today after visiting several development projects in Langkawi. He said: "We regret Ashaari Muhamad's empty promises. As such, the government will definitely not hesitate to take stern action to save the country's Islamic community's situation from al-Arqam's deviationist teachings."

The prime minister, who is also the home minister, said the government is currently monitoring and controlling the situation. He said the government will definitely take stern action against those involved should any untoward activity affect the country's Islamic community's well-being.

The action that will be taken against those responsible will depend on the investigations conducted in connection with the latest developments by the concerned authorities.

The latest report indicated that Ashaari Muhamad held secret meetings with several of his former members in an effort to revive the banned al-Arqam deviationist movement.

Yesterday, Deputy Home Minister Datuk Megat Junid Megat Ayub stated that according to information by the police, the secret meetings were conducted within Ashaari's temporary detention center. During the meeting, the former members were said to have been given several guidelines by Ashaari. [passage omitted on Islamic teaching by Prophet Muhammad]

Malaysia: Editorial Criticizes al-Arqam's Leader for Broken Promises

BN0306131596 Kuala Lumpur BERITA HARIAN
in Malay 3 Jun 96 p 10

[Editorial: "Al-Arqam: Ashaari Disavows Pledge"]

[FBIS Translated Text] Ashaari Muhamad, the leader of the banned al-Arqam movement, publicly declared on 20 October 1994 that he had deviated from Prophet Muhammad's teaching and that he had now repented. Ashaari admitted that when he received Muhammad's inspirations from his teachers the late Lebai [religious elder] Ibrahim in 1952, there were no additional teachings and the name of Imam Mahdi was never mentioned. He said he deliberately concocted the name "Muhammadil Mahdi" and admitted that whatever teachings he included were unacceptable.

Ashaari also admitted that he had stated that he was even more popular than the prime minister and he now regrets such a mistake. Ashaari, who was abroad from 1988 until he was arrested on 2 September by Thai authorities and sent home, also stated that his admission over his deviationist teaching was entirely voluntarily and was made during a special dialogue by him and his seven followers to the National Fatwa [Islamic Laws] Committee at Masjid Negara [National Mosque].

Looking back at his dialogue, Ashaari stated that on behalf of himself and his colleagues he expressed gratitude, particularly to security personnel, because they had made him realize his mistake. He had also asked for pardon from the security sector, the Islamic Center, and all the members of the National Fatwa Committee because he and his colleagues had caused them to undergo many difficulties. In conclusion, Ashaari said: "I promise myself, and as far as Allah can grant, I will be held responsible for rehabilitating all my followers who

have been misled. I am the main and overall responsible person for rehabilitating my followers."

The dialogue was witnessed by millions of viewers on a live telecast carried by Television Malaysia. For Malaysians, in particular Malaysian Muslims, there is nothing more joyous than being able to express their thanks to Almighty Allah, because one of their brothers, through His blessings, has returned to the rightful path. We were surprised, however, to see that some of the former members were reportedly trying to revive the banned movement. They were reported to be making an all-out effort to rally their former members and enroll new ones. It was even more surprising when Deputy Home Minister Datuk Megat Junid Megat Ayub said yesterday that Ashaari was personally involved in holding secret meetings with some of his former colleagues with regard to achieving these objectives.

If such a conspiracy and efforts do exist, then Ashaari himself has broken his vow to bring his former followers to the right path. It is evident that the vow, and his public admission to the country's Muslim community, was nothing short of an empty vow. It would be acceptable to say this tactic was employed by him only to free himself from facing punitive action by the relevant authorities. He not only lied to the authorities when he undertook the vow, but he also made a fool of them while simultaneously declaring a meaningless vow. If Ashaari admitted that he and his followers had deviated from the true Islamic course and had vowed to take the right path again, then the latest action by Ashaari and his former followers indicated that they are again seeking to deviate from the true and righteous teaching.

Unquestionably, and from legal aspects, the government can totally ban the movement's deviationist teachings and practices. Notwithstanding, we cannot be given any assurance regarding the type of sentiments that exist within the former followers heart and soul and their trend of thoughts that play in their minds. The task and effort to totally bring the former al-Arqam members along the right path would be a very difficult one given the fact that their deviationist teachings have been firmly and deeply rooted within the followers. Whatever the course of action may be, it is of utmost importance that continuous efforts must be made to safeguard the interest of the country's Muslim community — without any finger-pointing at anyone.

We sincerely hope that the government will take early measures and stern action to check the al-Arqam activities. We do not wish to make the same mistake again. We do not wish to see the authorities frantically taking action against such a movement only after it had firmly existed with a huge number of followers for more than

a decade. We should acknowledge that al-Arqam is a firm and broad-based movement.

Prior to the ban imposed on the movement, its administration and indoctrination methods were well planned — far better than our own religious departments. Apart from its well-planned socio-economic and educational structure, al-Arqam's leadership structure was more charismatic than ours and the leaders more willing to sacrifice their lives for the sake of reviving the defunct movement.

Singapore

Singapore: Senior Minister Lee Urges Cooperation With PRC

BK0406015196 Singapore THE STRAITS TIMES
in English 3 Jun 96

[Report by Chua Lee Hoong — received via Internet]

[FBIS Transcribed Text] Senior Minister Lee Kuan Yew has said that although the recent renewal of security interests between the United States and Japan was a positive development for stability in the region, he was concerned over the accidental way it came about.

The Japanese had been uncertain about further U.S. security commitments in Asia, given the frequent trade disputes it had with the United States, he said, and it was thus good that the Americans had now made clear that security was their first consideration.

He, however, lamented the manner in which the United States moves came about.

They took place, he said, because "all of a sudden, the Americans discovered that China was very serious about Taiwan and had no intention of allowing it to get closer to the United States."

"It is not as if the United States planned to bring about this renewal of security interests. It happened by accident," he said.

During the run-up to the Taiwanese elections in March, the United States sent aircraft carriers to the Taiwan Straits, in response to escalating tensions between Taiwan and China during which mainland troops carried out military maneuvers off the Taiwan Coast.

In April, during a state visit to Japan, President Bill Clinton signed an accord with Tokyo reaffirming U.S. commitment to maintain its current force structure of about 100,000 forward deployed troops in the region.

Speaking from a video-conferencing room in Singapore Telecom building in Exeter Road on May 20, Mr. Lee was addressing, via satellite, a Tokyo seminar on political issues facing the Asia-Pacific region.

Former Japanese Premier Yasuhiro Nakasone was the other speaker in the discussion. The transcript was released yesterday for publication.

On the implications of the U.S. move, Mr. Lee said: "I do not know whether the United States ever intended this, but it is now definitely moving towards a coalition against a potential threat from China."

He argued that this was "too premature" a position to take; the more appropriate course of action with respect to China was not to isolate it but to engage it.

"As Mr. Nakasone has said, we want to engage China, bring her out, make her part of the modern world."

Speaking in Japanese, Mr. Nakasone said that the Chinese actions in respect of Taiwan had been carried out "very deliberately, very cautiously" and he commended it for doing so. He noted that its priority in the post-Deng Xiaoping period would be economic development and he did not believe it would go for "dangerous expeditions."

As China would not be able to develop without the cooperation of the Asia-Pacific countries, he called for it to be integrated into multilateral set-ups in the Pacific region, like APEC and the ASEAN Regional Forum.

He urged: "We must see to it that China will not be isolated, that it will join these institutions as a Pacific state."

Agreeing with him, Mr. Lee said that other countries should get China to understand that there was much it could gain by working with them.

"If we start going for China — human rights, no human rights, no democracy; Tibet should be autonomous; Hong Kong should be, as the British want it, with free elections; Taiwan should be independent — then we are going to have an enemy in her," he stressed.

He added that the renewed U.S. security commitments in Asia should not inadvertently lead to hostility with China.

"We should not by accident, without thinking through our problems, bring about a hostility which can be avoided, but develop a friendship which is still possible," he said.

In the discussion, which lasted one hour and 15 minutes, the two statesmen also gave their views on the future of North Korea, Japan's role in Asia, and the perceptions that other countries had of Japan.

Organized by the Asian Economic Experts Conference and attended by about 1,000 policy-makers and businessmen from 20 Asian countries, the conference was their first encounter since 1992.

Mr. Nakasone, 78, was leader of the Liberal Democratic Party and Japan's Prime Minister from 1982-1987.

Singapore: Navy Joins Philippines' Navy for Bilateral Exercise

BK0306113296 *Singapore Radio Corporation of Singapore in English 1000 GMT 3 Jun 96*

[FBIS Transcribed Text] Singapore and the Philippines are holding their first bilateral naval exercise. Exercise (?Dawat-Singa) is being held in Singapore. It's aimed at promoting, enhancing interoperability between the two navies and also upgrading the skills and proficiency of the personnel taking part.

Speaking at the opening ceremony was the Republic of Singapore's Navy's chief designate Rear Admiral Richard Lim. He said the exercise signifies the commitment of both sides to improve their level of professional interaction.

Seven ships from both navies are taking part in the four-day exercise.

Cambodia

Cambodia: Radio Reports on Ranariddh's Speech in Takeo Province

BK0306160796 *Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 3 Jun 96*

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, on the morning of 3 June said to the people in Kaoh Andet District [Takeo Province] that His Majesty the King has asked me and Samdech Chea Sim to do whatever is possible to avoid violence in any conflict that would cause suffering to the people.

At the inauguration of Vat Than monastery three days ago, Samdech Chea Sim, Prince Krompreah Norodom Ranariddh, and Samdech Hun Sen were all present in a fine atmosphere that was welcomed by public opinion. Concerning this matter, Prince Krompreah Norodom Ranariddh happily said that because of the great merit of Buddhism, the three leaders were able to meet together again after experiencing some minor political conflicts earlier.

In front of the people and the authority in Takeo Province Prince Krompreah Norodom Ranariddh raised an example, noting the report by the provincial governor who affirmed that Takeo Province has achieved great results over the past few years. He asked this question: In the election in 1998 what would the provincial governor and deputy provincial governors, who come from the Cambodian People's Party and from FUNCINPEC [Na-

tional United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] say to the people in their propaganda? Their achievements were obviously the result of a common effort and not because of any one person in particular.

Cambodia: Khmer Rouge on Vietnam Indochinese Strategy

BK0206080696 *(Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 31 May 96*

[Interview with Chan Youran, deputy prime minister, minister of foreign affairs, and minister of defense of national culture, literature, and customs by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, your excellency.

[Chan] Yes. Greetings, gentleman.

[Correspondent] During the last dry season, the nation-betraying two heads with this guy Hun Sen as ringleader suffered the most serious strategic and final defeat. So, has communist Vietnam, the master of the two heads, relinquished late Ho Chi Minh's Indochinese Federation Strategy of swallowing up and exterminating the Cambodian race?

[Chan] No, absolutely not. On the contrary, communist Vietnam has intensified efforts to implement the strategy of eradicating the Cambodian race, even though its out-and-out lackeys — the nation-betraying two heads — met with the most serious strategic and final defeats on the military battlefield. Enemy communist Vietnam has not renounced its annexation strategy. It will continue, at present and in the future, to do whatever it can, be it uncovered, covered, bitter, or sweet, to swallow up our Cambodian territory. This is the historical experience of our nation and people in dealing with enemy communist Vietnam.

[Correspondent] Yes. Why does enemy communist Vietnam not give up the strategy of exterminating our Cambodian race?

[Chan] Because:

1. The communist Vietnamese leaders, including late Ho Chi Minh, had implemented the strategy in Cambodia and Laos since (?1930). Ho Chi Minh and the Communist Party of Vietnam had adopted the dirtiest and worst strategy. They continued to implement it in our country through the historical phases of Vietnamese-Cambodian ties: The first phase was between 1930 and 1954; the

second between 1954 and 1970; the third between 1970 and 1979; and the fourth between 1979 and today.

2. Communist Vietnam is most crooked, barbaric, and cruel. Counting on its forces, the enormous size of its country, its considerable population, and its 1.3 million troops said to be the world's third best, communist Vietnam has since 1978, openly launched a large-scale invasion of Cambodia, an independent, sovereign, united, peaceful, and neutral nation with all of its territorial integrity and a member of the United Nations and the Nonaligned Movement. It has trampled upon international laws and the UN Charter and threatened security, peace, and stability in the region and the world. Nevertheless, in its direct war of aggression in Cambodia, it has been severely defeated, strategically and most shamefully. Le Duc Anh and the Vietnamese General Staff admitted that over 100,000 of their troops had been killed and over 150,000 wounded in Cambodia between the end of 1978 and 1991. Even so, enemy communist Vietnam still persists in its strategy to swallow up Cambodia.

3. Even after the Paris 23 October 1991 accord came into existence, enemy communist Vietnam colluded with the alliance and UNTAC [UN Transitional Authority in Cambodia] to trample upon the accord. They opposed the four-party national reconciliation but continue to fan the flames of war to kill the Cambodian nation, people, and race. Through UNTAC's disorganized elections, they combined the two heads as the tools of war in Cambodia. They preserved the Vietnamese aggressor forces here and gave millions of ethnic Vietnamese a free hand to flow in to swallow up Cambodia.

4. It is because of the nation-betraying two heads. In fact, there is only one head, meaning the head of communist Vietnam and the puppet Hun Sen. As for the monarchy, the constitution, various state institutions, FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], Ranariddh, pluralism, and so on — these are only hollow shells and a smokescreen shielding the authentic Vietnamese administrators from top to bottom and from Phnom Penh down to districts, communes, and villages. For over 17 years, communist Vietnam, CPV, and Le Duc Anh have firmly controlled all of administrations through the communist Vietnamese party, the communist Vietnamese puppets, and the over 4 million Vietnamese in Cambodia. The CPV has its networks of the communist Vietnamese youth alliance, the communist Vietnamese peasants association, the communist Vietnamese women's association, and so on everywhere in Cambodia. It has injected the ethnic Vietnamese into Cambodia with impunity. Nevertheless, the Cambodian nation and people as well the national resistance forces

from all social strata have stood up and struggled with high heroism for more than 17 years to save the nation, people, and race. Now, the situation has changed drastically as over six million poor peasants can no longer remain patient. They have stood up and joined the National Army of Democratic Kampuchea [NADK] to use violence to blow up the heads of communist Vietnam and its puppets and inflict a serious strategic and final defeat on them.

[Correspondent] Can enemy communist Vietnam, the alliance, and the nation-betraying two heads remedy the state of defeat?

[Chan] No. The two heads are dividing and disintegrating openly because they have lost on the military battlefield. They have acute and deep-rooted national, social, and racial conflicts with the Cambodian nation and people of all social strata. Concretely, there are:

1. The conflict between Cambodia and Vietnam: Vietnam, which is so crooked, has been at odds with Cambodia for generations. Nevertheless, the majority of Vietnamese nationals are ordinary people, who want to co-exist peacefully with their neighbors and deal with the latter on the basis of mutual interests.
2. The conflict between independent, peaceful, neutral, and sovereign Cambodia with its territorial integrity and communist Vietnam, which is the race exterminating aggressor.
3. The conflict between patriots who defend and save the Cambodian nation and race and communist Vietnam and its puppets.
4. The conflict between monarchy plus the Kingdom of Cambodia and the regime of communist Vietnam plus its puppets headed by Hun Sen, who is so fascist and who has despised and continues to threaten the king.
5. The conflict between democracy, pluralism, and capitalism and the regime of the communist Vietnamese puppets.
6. The conflict between Buddhism and Communism plus the Socialism of communist Vietnam and its puppets.
7. The conflict between the Cambodian nation's traditions, culture, literature, civilization, and morality that have already existed for thousands of years and the regime of communist Vietnam and its puppets, who are so arrogant, rowdy, and fascist.

In sum, enemy communist Vietnam can never solve the conflicts, no matter what.

[Correspondent] Can the alliance solve the conflicts?

[Chan] No. The alliance can in no way solve the conflicts if it continues to implement the same kind of obsolete strategy and policy that trampled on the Paris accord and on independence, peace, neutrality, sovereignty, and the Cambodian people's right to self-determination. Nonetheless, it is possible to do so if the alliance implements the correct strategy and policy.

[Correspondent] What do you mean by the correct strategy and policy?

[Chan] Yes. The alliance must be absolutely opposed to communist Vietnam and its regime in Cambodia. Why? Because the regime has already completely destroyed the alliance-supported forces. The West should also rehabilitate its forces in Cambodia to solve various conflicts gradually. I believe the West must listen to the king, who recently appealed to it to stop giving aid and money to Hun Sen and communist Vietnam, who are killing the liberal, democratic, and multiparty system, human rights, and so on. The king calls the regime a fascist, dictatorial, and terrorist regime.

I believe that the alliance should listen to the patriotic figures, such as His Excellency [H.E.] Son Sann, H.E. Nhoek Chulong, Prince Sirivut, and H.E. Sam Rangsi as well as most of the FUNCINPEC masses, who demand that power from top to bottom be shared at least equally between FUNCINPEC and the party of the communist Vietnamese puppets. If communist Vietnam and its puppets do not share power correctly, the West must use the money-weapon to deal with the regime and administrations of communist Vietnam in Cambodia. Only by doing so can communist Vietnam and its puppets be forced to surrender and share power with FUNCINPEC. Only then can FUNCINPEC's force be rehabilitated, and the West play its role in Cambodia and meet its political, economic, strategic, and other interests.

[Correspondent] Do you think the West will act?

[Chan] I believe that if the West acts this way, it will lose nothing. In stead, they will benefit. Somehow, it is up to them. Our nation and people wait and see and hope that the West will choose the right approach that our nation and people want.

[Correspondent] Can the West, communist Vietnam, and the two heads solve the conflicts through the elections that they will organize in 1997 and 1998?

[Chan] Yes. Our Cambodian nation and people of all social strata, the Provisional Government of National Union and National Salvation [PGNUNS], and the National Union Party [NUP] absolutely oppose the bogus elections that will be organized under the regime of the communist Vietnamese puppets. Our nation and peo-

ple, the PGNUNS, and NUP are absolutely against the deceptive maneuvers of communist Vietnam, the two heads, and the alliance to set up a so-called neutral committee to supervise the elections. Holding elections under the regime of the communist Vietnamese puppets is tantamount to allowing communist Vietnam to swallow up Cambodia within only two terms. Their dark maneuvers will certainly be seriously defeated.

[Correspondent] What are the stance of the PGNUNS and NUP to solve the Cambodian problem?

[Chan] Yes. First, whatever plans the Western superpowers will concoct, our nation and people, who want the nation to survive and to be protected, should continue to struggle until their goal of ending the war of communist Vietnamese aggressors and the alliance is achieved; until national reconciliation and compromise are achieved; and until genuine peace and safety in an independent, peaceful, united, neutral, and sovereign Cambodia with its territorial integrity recognized internationally before 1970 and before (?February) 1978 are restored.

Second, as H.E. Khieu Samphan — PGNUNS prime minister and NUP chairman — recently said, the Cambodian nation and people, who are in great conflict with the two heads and their masters, have already stood up and struggled to strike their heads in the countryside, cities, and abroad. In particular, they are now standing up and struggling to destroy the village and communal administrators and have stopped serving as soldiers and militiamen. This has caused the two heads and their masters to suffer a strategic and final defeat. The situation of our nation and people has increasingly improved. Therefore, I would like to appeal to all of you, our compatriots of all social strata, to intensify your struggle more vigorously to save the nation and protect the survival of our race by ending the Vietnamese war of aggression and terminating the nation-betraying two heads and communist Vietnam's administrators in Cambodia as quickly as possible.

I would like to join H.E. Khieu Samphan to call on the ANKI [National Army of Independent Cambodia] and Para troops, to unite with our nation and people to destroy communist Vietnam and its puppets once and for all. I also wish to join H.E. Khieu Samphan to call on all of you — the soldiers, militiamen, and village and communal administrators of the communist Vietnamese puppets — to stop serving by 15 June 1996 and unite with our nation and people to blow up the heads of the nation-betraying two-headed leaders, who are the out-and-out lackeys of communist Vietnam. If you persist, you will be convicted as traitors and killers of the nation

and people and your fellow peasants. You should stop immediately before 15 June.

Cambodia: Khmer Rouge Criticize Hun Sen-Ranariddh 'Farce'

BK0306065696 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 2 Jun 96

[Unattributed commentary: "Hun Sen and Ranariddh Shaking Hands in Public is a Farce To Get Money from Foreign Countries"]

[FBIS Translated Text] Ranariddh did not meet with Hun Sen before going to Paris since FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] held its congress on 21 April at which he publicly demanded a share of power at the local level and created a stir over the Vietnamese presence in the Dong village of Svay Rieng Province, thus strongly upsetting communist Vietnam and Hun Sen. The two have not met since.

Ranariddh and Hun Sen did this as part of their farce to fool the national and international publics and FUNCINPEC. In reality, Ranariddh was Hun Sen's out-and-out lackey. The two avoided meeting both before he went to France and after he returned to Phnom Penh. This farce continued until recently, when communist Vietnam told Hun Sen he should play act with moderation—for just so many hours, many days, and many weeks only—and that he should stop play acting before the national and international publics expose him, which would cause much damage. So, Hun Sen told Ranariddh that:

1. He should ask foreign countries for money with no strings attached.
2. He should condescend to meet him on a stage where they could shake hands so that the press would publicize the meeting; this was also in order to obtain foreign money.

The Buddhist devout, temple boys, novices, monks, and patriarchs [present at the meeting] did not believe the play acting, however, because they knew that the two had betrayed and sold out the nation and that they were joining hands to do so again.

If Ranariddh is not a traitor and a Hun Sen stooge, he should keep Hun Sen at a distance and should fight for power. Instead, he collaborated with him in an open air farce to hustle the West for money. This was because communist Vietnam and the alliance were accommodating one another so that the former could continue its occupation of Cambodia, its war of aggression, and its attempt to do away with human rights and Western-

styled democracy, thereby continuing to kill Cambodians and exterminate the Cambodian race and allowing Vietnamese migrants to swallow up Cambodia.

Communist Vietnam and the alliance, however, have not been able to harm Democratic Kampuchea. They have been able to hurt only the people, FUNCINPEC, Sam Rangsai's party, and the press. Nevertheless, the masses would not let themselves be killed without a fight. They are joining the struggle to smash communist Vietnam, Hun Sen, and the two heads.

Cambodia: Khmer Rouge on Enemy Civil Administration

BK0406064996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Jun 96

[Interview with Tep Khunnal, spokesman of the Provisional Government of National Union and National Salvation, by an unidentified station correspondent on 3 June; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. Would you please tell us about this morning's cabinet meeting?

[Tep] This morning the cabinet of our Provisional Government of National Union and National Salvation met under the chairmanship of His Excellency [H.E.] Prime Minister Khieu Samphan to closely examine the situation in which the poor peasants and the National Army [NA] are attacking and dismantling the enemy's assorted administration in the villages and communes. The cabinet also introduced a number of concrete measures in order to further intensify this movement.

[Correspondent] Why does the cabinet want to promote this movement to attack and dismantle the enemy's administration in the villages and communes?

[Tep] 1. There are several kinds of enemy administration, namely, the military and civil authorities, both public and secret, under the leadership of the Communist Party of Vietnam [CPV] and the Vietnamese puppet Communist Party [CP] networks.

2. These assorted authorities, especially the civil ones, play a very important role. They are the war instrument actively used by the enemy against our nation and people. They constitute a base for the enemy forces, a source from which the enemy forces come. They are the ones who have conscripted soldiers, militiamen, corvée laborers, administrators, spies, and informants for the enemy. They are right on the scene. They have served to suppress the people and rob them of their rice, oxen, buffalo, land, and property. They are the

eyes and noses of the enemy. Therefore, attacking and dismantling the enemy's civil administration is a duty of fundamental and strategic importance. If we succeed in fundamentally smashing the assorted authorities of the enemy, especially his civil authorities, communist Vietnam's war of aggression will come to an end quickly. It cannot go on, no matter how determined communist Vietnam and the alliance are in continuing this war, because they will not have troops with which to fight.

[Correspondent] If so, would you please elaborate on that point?

[Tep] The aforementioned view is based on many experiences, tests, and trials made in blood and sweat by our people during the past 17 years or more. Here is an example to illustrate: Let us suppose that our NA has killed 10 enemy soldiers on the battlefield. If we have not attacked and dismantled the enemy's civil administration, however, the latter will conscript fresh soldiers and militiamen to replace the losses, and the war will go on. On the contrary, if we destroy both the forces and the public and secret civil authorities of the enemy, the latter will not be able to conscript fresh soldiers and militiamen to continue the war. Only in this way can our effort to save the nation and people be concretely meaningful.

For example, if the people of a village attack and destroy the assorted local administration and supplant it with a popular administration, the enemy will not be able to enter that village and conscript new soldiers and militiamen. As a matter of fact, that is true national salvation, for it helps to gradually shorten the duration of communist Vietnam's war of aggression. Our people, especially our poor peasants, and the NA have been well aware of this fact. Consequently, they have worked gradually and systematically to attack and dismantle the enemy's civil administration.

Another example: Our nation, people, and the rest of the world know well that communist Vietnam, the alliance, and their puppets, the stooges, suffered an extremely serious defeat during the past 18th dry season. Thousands and thousands of their troops were killed, wounded, trounced, or forced to run away from the battlefields. Their military personnel were decimated. If their civil administration had remained in the villages and communes, they would have been able to conscript fresh soldiers and militiamen to replace all these casualties. Our poor peasants and NA, however, smashed both their military personnel and their civil authorities. So, they were unable to conscript new soldiers and militiamen and had no troops with which

to fight. It is in this way that they continue to run out of troops.

[Correspondent] When talking about the enemy administration, you mentioned the CPV and Vietnamese puppet CP networks. Would you please elaborate?

[Tep] Communist Vietnam's strategy is to snap at and swallow up Cambodia, turning it into another Kampuchea Kraom [Cambodian territory now part of Vietnam]. In order to realize this criminal strategy, they have set up forces composed of both Vietnamese and puppet Cambodian elements. They have tried again and again in this effort; however, they have suffered one setback after another. Over the past 17 years, they have set up the CPV and the Vietnamese puppet CP networks in the country. There is a CPV committee in Phnom Penh that controls and runs virtually everything. It is this committee that guides the CPV networks in the regions, provinces, districts, communes, and villages. This committee gives guidelines to and monitors the activities of the puppet CP and its military and civil authorities. The likes of Hun Sen, Chea Sim, Sar Kheng, Tie Banh, and Ke Kimyan are mere puppets of communist Vietnam, and they will do whatever communist Vietnam orders them to do. At the top of this CPV committee sits Le Duc Anh himself. As for the king, monarchy, the constitution, democracy, Ranariddh, and so on, they are just brand names. It is for this reason that they have undermined national reconciliation and peace and concentrated on nothing else but war, for they all belong to communist Vietnam.

The alliance has forcefully paired FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and other national forces with communist Vietnam's puppets, who are Cambodian in outlook but communist Vietnam in essence. These puppets adopt communist Vietnam's brand of dictatorship and monopoly and its policy and strategy of swallowing up and transforming Cambodia into Kampuchean Kraom II.

The masses use the terms communist Vietnam's dictatorship and monopoly. These terms are fitting because communist Vietnam absolutely refuses to give anybody anything. It absolutely refuses to share power with FUNCINPEC. It only seeks to annihilate FUNCINPEC from top to bottom. It smashes and sweeps away anyone who has second thoughts. It keeps only those it can use, such as Yu Hockri, Tea Chamrat, and so on. It is for this reason that the masses have counseled their young ones never to entertain any illusion when dealing with communist Vietnam, for it will never compromise—first, because it is communist Vietnam; second, because its strategy is to snap at and turn Cam-

bodia into Kampuchea Kraom II; and third, because it is swallowing up Cambodia as it has been trying to do for the more than 17 years.

[Correspondent] Therefore, what should we do in order to save our Cambodian nation and race?

[Tep] Our nation and people have asked for a clear answer to this question by offering their own lives for the past more than 17 years. There is only one way out, which is to fight resolutely. Our nation and people have made extremely great sacrifices and waged a very noble and highly heroic struggle both in the rural areas and in Phnom Penh. To my knowledge, it is rare in the world to find a small and poor country with a small population like ours, which dares to rise up against such a cruel and ambitious enemy. We have been able to fight him for the past more than 17 years. This is because we have been resolute in the struggle. Our fighting technique and successive experiences, notably those gained during the past three years, have clearly proved that:

1. Nonviolence is not viable vis-a-vis communist Vietnam's fascist violence.

2. One can wage a struggle and win successive victories by relying on one's own efforts and on the forces of one's own nation and people, without believing in the heavens and the stars.

Communist Vietnam has pursued the strategy of swallowing up Cambodia; however, it has too many life-and-death weaknesses. For example, at the top structure in Phnom Penh, if FUNCINPEC has faith in its own strength and dares to fight against and pull out of the two heads, the communist Vietnamese puppets will drop dead immediately. Hun Sen, Chea Sim, and Sar Kheng all have lately realized the importance of this issue.

In the countryside, the enemy's civil authorities constitute his weakest link, for our poor peasants are working to crush and destroy them. The peasants are doing this by themselves and also by joining hands with our NA. For example, the enemy found himself in his worst predicament at the end of the 18th dry season when he suffered a strategic and extremely serious defeat.

[Correspondent] Here is my last question: On 20 May H.E. Khieu Samphan appealed to the soldiers, militiamen, and assorted authorities to stop serving the enemy before 15 June. The cabinet also raised this question last week. Has there been any reaction to this appeal? Have you received any information about it?

[Tep] First, I would like to stress that H.E. Prime Minister Khieu Saphnan's appeal was meant to save. It was to save the soldiers, militiamen, and administrators that the enemy have pressed into their service. These

men can be saved while there is still time. Our nation and people are aware that the poor peasants who have suffered deaths, separations, and untold misery are now beginning to rise up and wage a struggle to crush and wipe out the enemy's military and civil authorities in a more militantly active manner throughout the country. The poor peasants clearly know the true colors and danger presented by these authorities. The people no longer are confused and no longer entertain any illusion. If they do not solve this problem, they will continue to suffer endless deaths, separations, and misery. If the poor peasants rise up and wage a seething struggle in a people's war, as a people's force, the enemy's soldiers, militiamen, and authorities will find no place to hide. This is what I meant when I said the appeal was meant to save.

Second, H.E. the prime minister set 15 June as a deadline. This means that as of 16 June, the people will be free to hand out any verdicts as they see fit, for these authorities have already been appealed to, tolerated, told, and warned by the nation and people for the past more than 17 years.

Third, in answer to your question, the office of the prime minister has received letters and reports from many localities lately concerning the situation of the people and the enemy's authorities after H.E. the prime minister made that appeal. The people in general have rejoiced over and welcomed the appeal. They have urged their sons, grandsons, and husbands to stop serving communist Vietnam and its puppets and to stop killing their own nation and people. Soldiers and militiamen have deserted from the front and returned to their homes. The poor peasants' movement to smash and sweep away the enemy's authorities has gained great momentum. So, the soldiers, policemen, militiamen, and public and secret assorted authorities of the enemy must stop serving communist Vietnam, which is the enemy of the nation. Stopping means saving their own lives and the lives of others and also quickening the end of communist Vietnam's war of aggression. It also means helping to perpetuate our Cambodian race.

Thailand

Thai Article Notes ASEAN's Views Toward Burma

BK0206105596 Bangkok THE SUNDAY NATION
in English 2 Jun 96 p A4

[Feature by Sonny Inbaraj: "ASEAN's See No Evil And Speak No Evil"]

[FBIS Transcribed Text] There is clearly a David and Goliath struggle for the freedom of Burma. Over the past 10 days, Aung San Suu Kyi's National League for

Democracy (NLD) has been battling the odds, and its fight against tyranny and military dictatorship is still not finished.

At the end of the three-day NLD conference, which the military junta tried to pre-empt by arresting most of its elected members, Suu Kyi announced plans to draft a constitution separate from the one drafted by the so-called National Convention backed by the generals. The junta, calling itself the State Law and Order Restoration Council (SLORC), of course hit the ceiling and is hopping mad with the woman who won the Nobel Peace Prize in 1991 and whose NLD won an overwhelming majority of seats in the 1990 elections. Hence the only way of expressing anger is by a sheer display of brute force — which the junta has done by using guns and goons to harass Suu Kyi's party.

An opposition drafted constitution — even if the NLD has no means of enforcing it — would provide the Burmese people with an alternative system emphasising democracy and human rights against one heavily weighted towards absolute military rule.

And the stage has been set for further confrontation with Suu Kyi announcing at the end of the NLD conference: "There's nothing in the law that says you have no right to draft a constitution." These are brave words for a person who's armed with nothing but only support from the courageous people of Burma.

ASEAN's total silence over what is going on in Burma really raises some disturbing questions. Is the regional grouping's so-called "constructive engagement" policy only being used to land lucrative business deals for member countries? Can't it also be a stick to keep the junta in line — like issuing an ultimatum to SLORC that unless and until all political prisoners are released, Burma can never set its sights on being a member of the ASEAN Regional Forum? And why is ASEAN so allergic to Suu Kyi?

Rather unfortunately, the decision-making process in ASEAN is confined to a few privileged groups in the government elite. Foreign policy discussions in ASEAN are usually made behind closed doors, without any public debates or discussions, such as in Parliament.

Over the past few days, we have seen ASEAN's principle of "non-interference" being reiterated. On Tuesday, the day the NLD conference ended, ASEAN Secretary-General Ajit Singh said it was the grouping's practice not to interfere in each other's affairs.

Speaking at a luncheon meeting in Jakarta, the regional grouping's top diplomat refused to comment on the confrontation between the NLD and the military junta, other than saying: "As far as ASEAN is concerned, we

do not interfere in each other's internal affairs ... that is the basic tenet of ASEAN."

"The government of Myanmar (Burma) has invited me to pay an official visit to Yangon (Rangoon). We are currently working out the details," he added.

The next day, Indonesian Foreign Minister Ali Alatas parroted the same line. "We are not making any comment on the internal situation in any country. This is a principle we stick to religiously, even as we would not want any foreign country to intervene in our internal affairs," said Alatas. Indonesia currently holds the presidency of ASEAN.

So how has this principle of see no evil and speak no evil of ASEAN's neighbouring countries come about?

Its origins can be traced to the first ASEAN Summit in Bali in 1976, where ASEAN governments signed the Treaty of Amity and Cooperation — the first treaty since the formation of the regional grouping in 1967. The fundamental principles of the treaty included mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations. Also emphasised was the doctrine of noninterference in the "internal affairs" of one another.

The principle of non-interference in each other's internal affairs thus effectively froze existing national boundaries as of 1976, such as in the case of East Timor (which Indonesia invaded in 1975), Irian Jaya (where Indonesian practices in the 1969 Act of Free Choice were clearly questionable) and Sabah (in the dispute between Malaysia and the Philippines), as far as ASEAN states were concerned.

This also meant that nationals of any ASEAN country could not become involved in the political affairs of its ASEAN neighbours. Burma acceded to the Treaty of Amity and Cooperation at the last ASEAN Ministers' Meeting in Brunei, in its bid to become an ASEAN member, and because of this the same obligations have been imposed upon the citizens of ASEAN — criticising the military regime there is taboo and a definite no.

Because the people element in ASEAN has been left out with regard to foreign policy decision-making, it can be concluded that the official positions of the regional grouping do not necessarily reflect the opinion and the stand taken by its citizens.

The response by people's groups in Indonesia to the arrests of NLD members and supporters by SLORC, is a case in point.

Last Thursday, newsrooms in the region received on-line pictures of Indonesian students and pro-democracy

groups protesting outside the Burmese Embassy in Jakarta. Large banners and posters were displayed by these Indonesians with the words: "Myanmar: Democracy is right now!"; "Tatmadaw (Burmese military) back to barracks"; "Release all political prisoners" and "The NLD is the people."

Parallels can be drawn between the Indonesian armed forces (Abri) and SLORC — both having the same notorious reputation for ruthlessness. Abri's gross human rights abuses in East Timor, Aceh and Irian Jaya have been well-documented.

Indonesia has served as the ideological inspiration behind the Burmese military's demand for political power in the 1950s. A document entitled "The National Ideology and the Role of the Defence Services" adopted by the Burmese military in 1958 strongly resembled Abri's dwifungsi — where the military is supposed to play both a social and political role.

Now SLORC appears to be looking to Indonesia once again and seeking advice from Abri on how to institutionalise its role through the constitution drafted by the regime-controlled National Convention.

Exchanges have already begun. At the end of November last year, Indonesian Defence Minister Edi Sudjarat met top Burmese military leaders during a four-day visit to Rangoon.

For Burma, Indonesia is important in liaising between Rangoon and the rest of the world. In turn Rangoon, with at least 11 accredited diplomats to the Indonesian capital, has used its Jakarta embassy to channel its views to the region.

As the saying goes, birds of a feather will always flock together and leopards seldom change their spots. The overwhelming danger now is that ASEAN seems to be coddling military dictatorships in the region.

Thailand: Prisoners Released by Malaysia Return

BK0106154696 Bangkok Radio Thailand Network in Thai 1200 GMT 1 Jun 96

[FBIS Translated Text] According to a report from the Radio Thailand correspondent in Narathiwat Province, the administration of Sungai Kolok District was informed by Dusit Chankasem, Thai consul general in Kota Baru, that the Malaysian Government has ordered the release of 44 Thai prisoners — 42 males and 2 females — from various prisons nationwide. The majority of the inmates were imprisoned on charges of illegal entry into the country, encroachment on Malaysian waters, or narcotics possession.

The Malaysian Government instructed the Malaysian Corrections Department, Central Prison, and Immigration Office of Kota Baru township to arrange the handover of the released prisoners to Thai authorities at the Sungai Kolok-Rantau Panjang Friendship Bridge at 1500 today.

Narathiwat Province Governor Sawat Krittrachatanan welcomed the released inmates and advised them to be grateful to His Majesty King Phumiphon Adunyadet the Great because his majesty's influence helped them regain their freedom. He urged them to live a clean life.

Thailand: New Finance Minister Bodi Chunnanon Profiled

BK0306050696 Bangkok BANGKOK POST in English 3 Jun 96 p 4

["Newsmaker Column" by Banyat Thatsaniyawet: "Bureaucrat Bodi Says He Has Much to offer the Nation"]

[FBIS Transcribed Text] Reaction to his appointment as finance minister has been mixed. His detractors say Bodi Chunnanon has no expertise in macro-economics and his close relationship with the Prime Minister make him susceptible to political interference. His admirers, on the other hand, feel the long-serving director of the Budget Bureau has a proven track record and will do a good job administering the country's financial policies.

Because of the mixed reaction and the way his predecessor, Surakiat Sathianthai, was removed from the post, Mr Bodi's family and close friends have reservations about his appointment.

But Mr Bodi himself is not worried by the reaction and says he still has plenty of physical and mental energy left and wants to use it for the benefit of the country.

With more than half his working life spent in the bureaucracy, Mr Bodi believes he has a lot to offer the country as finance minister.

He said Prime Minister Banhan Sinlapa-acha had asked him formally to become finance minister last Sunday, only two days before the official announcement of the cabinet reshuffle.

Attempts have been made in the past by political parties to take him under their wing. Prior to the last general election, he was invited by the Democrat Party to run under their banner in a Bangkok constituency.

He declined the party's offer after careful consideration, saying he was not prepared to meet the huge election expenditure.

Mr Bodi is the second former budget bureau director to be appointed finance minister, following Suthi Singaane who served in the post in the Prem Tinsulanon-IV and Anan Panyarachun-I administrations.

Although the performance of the finance minister is constantly measured against the country's economic fortunes, Mr Bodi trusts the fiscal expertise of senior officials at the ministry and the Bank of Thailand will keep the ministry moving forward.

"What I will do is simply lay down policy guidelines and ensure the ministry moves towards solving problems for the sake of economic prosperity," he said.

During the Prem government, Mr Bodi served on a team of financial experts who helped bail the country out of its financial crisis compounded by a major economic recession.

"The mid 1970s was a particularly vulnerable period for the country's economy. The Budget Bureau was active in trying to reverse the economic situation.

"We did this by cutting government expenses in order to put a cap on the rising deficit, which could have made things a lot worse. One measure was introduced after another until the ailing economy showed signs of recovery," he said.

It was not until after 1982 that the economy began to pick up. The Budget Bureau was noted for its role in formulating policies aimed at enhancing steady economic growth.

The result was unprecedented economic expansion which continued to be exceptionally high into the 1990s. Only a few countries can rival Thailand's economic growth which has averaged 8 percent in recent years said Mr Bodi.

He is also proud of the fact that he took part in drawing up the macroeconomic policies.

In an attempt to allay concerns in some quarters that he lacks the necessary experience in banking and finance, Mr Bodi maintains he has cultivated sufficient experience after having served for many years on the executive boards of Krung Thai Bank and the Bank of Thailand.

He brushed aside speculation that he might be manipulated by the Chat Thai Party, saying it was possible the Prime Minister, with whom he has a close relationship, had picked him because he had faith in Mr Bodi's potential to administer the Finance Ministry.

"I suppose I just happened to catch the Prime Minister's attention. It might be he thought I could make a good finance minister. His offer was unconditional. He

never said I had to do something for his party or the Government."

Despite not being elected, Mr Bodi feels he has the freedom to carry out his job properly. He pledged to quit the post should he be drawn into any controversies.

As a former budget bureau director, Mr Bodi dismissed media reports that "larger-than-usual" funding had been poured into Mr Banhan's native province of Suphan Buri, although he did admit the province enjoyed a rather sizable budget allocation.

But this, he argued, had a lot to do with the continuing construction of basic infrastructure in the province. Apart from government-financed infrastructure, Mr Banhan has used his own money to fund the construction of schools and temples in the name of "Banhan-Chaemsai". Khunying Chaemsai is Mr Banhan's wife.

Each year, a large amount of funds is set aside for repairing the infrastructure in the province.

Funds are also needed for other projects including the establishment of a dramatic arts college which Mr Banhan had piloted before he became prime minister.

The budget for building the college was sought through the Education Ministry.

The reason most other provinces do not receive as much funding is due simply to the lack of planning continuity. Many projects are short-lived because new MPs introduce new ideas and ignore the projects launched by their predecessors.

Mr Bodi does not think the political conflict with the Opposition will hinder the work of the Banhan Government. Speaking from the perspective of a former budget bureau director, he said the essence of every political party's policies was based on a common objective.

The parties, he added, all want to do what was good for the country.

He downplayed media reports that the New Aspiration Party headed by Defence Minister Gen. Chawalit Yongchaiyut had spearheaded efforts to oust his predecessor, Surakiat Sathianthai, because he had shelved the military satellite project and rejected the War Veterans Organisation of Thailand's proposal to set up a commercial bank.

Mr Bodi said governments normally approve projects which have the potential for yielding optimum benefits for the country. The operators of the projects also have to show they are fully capable of running them.

He said it was not important who or which party sponsored projects as they are seen as using a common standard.

The Government reserves the right to shelve or delay any projects deemed unsuitable for investment and which are likely to affect the economy.

It is only normal for political parties to want to do their best to have their projects approved and implemented. But related agencies are duty-bound to screen the projects and single out the most urgent, said the new finance minister.

Thailand: Finance Minister Discusses Economic Policies

BK0306121496 Bangkok THAI RAT in Thai 3 Jun 96 p 8

[Interview with Finance Minister Bodi Chunnanon by "the Economic Team"; place and date not given]

[FBIS Translated Text] [Question] How confident are you that you can perform in the finance minister post?

[Bodi] I am very confident because I studied a lot of information before accepting the post. Also, I am acquainted with many senior Finance Ministry officials, having worked with them for several decades and thus am aware of their abilities. I will bring to my new post guidelines and policies to convince ministry officials to work on outstanding problems and set measures for other agencies to implement in the interest of national economic development, be it in the commerce, industrial, or financial fields.

The Bank of Thailand also makes me feel confident. I was on its board for several years and know many able managers there. For this reason, I am confident that there will be no problem in formulating measures to advance various business sectors and benefit economic expansion.

I am confident that my working with those two institutions and the securities exchange commission, which comprises many able people, will result in the expansion of the economy and enhance the business sector's competitiveness abroad.

I will form an advisory team comprising people from every sector that involves fiscal and financial management. Their opinions and experience are essential before I make any decisions. This is especially true in the bond market issue which is delicate and is a field in which I have little experience. I need knowledgeable people to provide me with correct information in this matter.

[Question] What issues require your immediate attention?

[Bodi] They are the Bangkok Bank of Commerce [BBC] problem, the current account deficit, and inflation. I cannot give a detailed response regarding the BBC because information I have to date I got from the mass media; I have not yet seen official documents. However, basically remedies will have to be instituted to restore its reliability so that it can continue to serve the public. It is a big financial institution and therefore its problems must be solved to return it to a normal state of operation. In any event, I will have to look at what the bank had done that were violations of the commercial bank act and what remedies are needed. I am certain that the Bank of Thailand already has information on hand on this issue.

[Question] How long will restoration of the BBC take?

[Bodi] Initial remedial measures probably will not take long. But complete restoration will perhaps take a long time. The bigger the size of bad loans the longer restoration takes. The Bank of Thailand already sent a team to manage the troubled bank, but restoration will take years. Krung Thai Bank had a similar problem and I was a member of the team that successfully solved its problems. Its share price was once below par value, but not any longer. It took time, but not that long.

[Question] How do you plan to solve the current account deficit and inflation problems?

[Bodi] I am determined to lower the current account deficit and inflation. Current figures signal danger but they are not that serious. They tell you that action is required. Therefore, action must be taken to bring them to appropriate levels to ensure stable economic growth. Regarding measures to be applied, existing measures that are good will continue. Measures that are not complete will have to be completed; while measures that cause negative effects will have to be corrected. Meanwhile, economic expansion has to cover every sector. Every branch of business must be strengthened and direction has to be set for its future.

The current inflation is not a serious problem and I am confident that it can be lowered. We did not have measures to control consumption of imported products, particularly luxury goods. I feel that a public relations campaign should be carried out to convince Thai people to change their taste and outlook, particularly regarding consumption of expensive foreign drinking products.

[Question] What is your policy regarding the bond market?

[Bodi] It will be allowed to operate independently with no interference from the government. It will be strengthened, first to be in the same status with those in other ASEAN countries and eventually to be in the

international league. In any event, it is not good to allow people to become bankrupt by playing the stock market. This will entail control of the margin level allowed to traders. People will be informed of shares that have no real value. Regarding the interest rate policy, interest rates should be adjusted to suit the economic situation.

[Question] How much time do you give yourself to show what you could do?

[Bodi] I have not started to work in the new post yet. I worked for the government for 34 years, 10 of which were spent at management levels. I was deputy director of the Budget Bureau for nine years, and its director for 12 years. I was the cabinet secretary for a year. Although this job is unlike that in the private sector, I will have to show performance after two-three months. In the meantime people in the mass media and the private sector can offer suggestions. My friends wonder why I accepted the current post, saying I should choose a better time. I also asked myself this question but accepted the post because I knew that I could beneficially serve the country. However, I will constantly evaluate myself and will act appropriately if I realize that things are not going the way I think they should.

[Question] You mentioned about use of the national financial reserve, can you comment?

[Bodi] I feel that the financial reserve has to be maintained at a suitable level. The current reserve is 400 billion baht. Financial managers know that money is not going to go abroad. Therefore, why keep it idle? Looking back at the financial status 20 years ago, we were able to manage the money by avoiding being shorthanded or the opposite. The idea is to be aware that a financial reserve that is too big is not useful, but it is not good to have too little. We have to look into what can be done to yield the best benefit, or what can be done better than now. The Financial Reserve Act of 1932, amended in 1944, may have to be amended again to make it more flexible to use financial reserve in new ways. This idea can be debated in parliament if there is opposition to it. The current use of the financial reserve is for repayment of debts that have no limiting repayment clauses and for purchase of foreign currencies for use in future debt repayment. The financial reserve must not be used in dangerous ways, such as to make investments, otherwise finance ministers will use all the financial reserve by investing it. What I plan to do is to use the financial reserve in ways that make it grow. It is a firm principle because money should not be kept idle. For example, it is useless to keep the money you have in your pocket.

Thailand: Editorial Says Finance Minister Must Prove Ability

BK0306092796 Bangkok KRUNGTHAP THURAKIT in Thai 30 May 96 p 2

[Editorial: "A Reminder to the New Finance Minister"]

[FBIS Translated Text] It is clear that Prime Minister Banhan Sinlapa-acha was reluctant to dismiss Surakiat Sathianthai as finance minister, but it is unclear why. Surakiat's dismissal has, however, calmed people's anxiety. The fact that Surakiat told newsmen that he did know in advance that he would be asked to resign shows that Banhan reached his decision hastily. In any event, there is no guarantee that the replacement of Surakiat with Bodi Chunnanon will result in a better performance by the head of the Finance Ministry.

It cannot be said with confidence that Bodi has real ability to effectively solve the country's fiscal and financial problems. His knowledge and experience are in the field of preparing the national budget, and he perhaps lacks real knowledge in the fiscal and financial field. This has provoked comments to the effect that Banhan chose Bodi out of personal friendship. Therefore, Bodi will have to prove that he has the vision and ability to perform fiscal and financial management skillfully, instead of using simple measures the way Surakiat did like cutting taxes on luxury goods to solve the current account deficit problem. He will have to rely on the Finance Ministry and Bank of Thailand officials to help formulate measures to enhance the effectiveness of his policies. He must not just survive from day-to-day by tackling short-term problems because fiscal and financial matters require advance planning.

We want to remind Bodi that he will receive a lot of comment as finance minister because people want their finance minister to have broad knowledge and ability. People had a bad experience with the last finance minister because, although he was a legal specialist, he had no previous experience in the fiscal field. For this reason, Bodi must prove that he has the required ability. He will be removed just as his predecessor was if he does not.

Thailand: Phichit Rattakun Elected Governor of Bangkok

BK0306021896 Bangkok Radio Thailand Network in Thai 0000 GMT 3 Jun 96

[FBIS Translated Text] The Bangkok Metropolitan Administration announced the official results of yesterday's Bangkok gubernatorial election at 2010 last night.

Phichit Rattakun was elected the new governor of Bangkok with a total of 768,994 votes. Major General

Chamlong Simuang came in second with 514,401 and Captain Kritsada Arunwong na Ayutthaya came in third with 244,002. A total of 1,578,061 people cast votes, representing 43.52 percent of the total number of eligible voters. A total of 23,472 ballots were invalid, or 1.48 percent of the total number of ballots.

Thailand: English Dailies View Bangkok Election as Defeat for PDP

BK0306065796

[FBIS Report] Two English-language Bangkok dailies carry editorials and analysis on 3 June on the outcome of the 2 June Bangkok gubernatorial election, won by independent candidate Phichit Rattakun over, among others, Chamlong Simuang of the Phalang Tham Party, or PDP.

BANGKOK POST carries a 500-word "analysis" on pages 1 and 3. It says: "Phichit Rattakun's victory in the Bangkok governor election yesterday will have a momentous repercussion on national politics. Phalang Tham's impeccable political status is clearly facing a decline and its political future is now in question."

It quotes PDP leader Thaksin Chinnawat: "This result will make the weight of Phalang Tham in the Government much lighter."

The daily notes: "The defeat also means the end of the political career of the man who started it all — Maj. Gen. Chamlong Simuang," who told reporters: "I will not run for Bangkok governor again. I will not run for MP again. And I will not return to be Phalang Tham leader again."

The analysis continues: "The immediate effect is that Phalang Tham is now in a shaky position in the Government. Prime Minister Banhan Sinlapa-acha has always insisted on keeping Phalang Tham in the coalition because of its clean image and appeal to the Bangkok public. Now that the appeal has proven to have greatly faded. Mr Banhan will have to think harder about the demands of his coalition partners to keep Prachakon Thai in the Government and oust Phalang Tham." The Prachakon Thai Party has announced its withdrawal from the coalition, widely seen as a reaction against the PDP's influence.

The analysis notes that other coalition parties "have made the demand to oust PDP following Prachakon Thai's withdrawal announcement last Friday," adding: "Even if Mr Banhan should keep Phalang Tham in the Government, its importance will be seriously diminished. It will carry much less political clout while the other coalition parties will try to cut it down even further and block all its proposals."

Regarding the impact of the defeat on the PDP's electoral strength, Chamlong is quoted as saying: "With the PDP no longer running the Bangkok Metropolitan Administration we will not have clear achievements to show the people and that will affect our votes." Although the PDP is not facing "extinction" in Bangkok, the analysis says, it could lose ground in the city to the Democrat and Prachakon Thai Parties.

BANGKOK POST also carries a 600-word editorial on page 4 entitled: "Congratulations, Guv, But Let's Get Moving." It offers "congratulations to Mr Phichit Rattakun, the new governor of metropolitan Bangkok's 8 million people," who will inherit "a myriad social ills left unresolved by his predecessors." The daily describes numerous problems that must be solved by the new governor, such as air pollution, traffic, garbage disposal, the need for more parks, and the promotion of public transportation. It urges the governor-elect to make Bangkok "a cleaner and more livable city." It concludes that the people of Bangkok "should have patience and give the new governor a chance to prove his mettle."

THE NATION carries a 500-word "From the News Desk" report on page A1 and A2 by Sorayut Suthatsanachinda. It says the PDP's future has been clouded by its electoral defeat and that Banhan's "estranged allies will most likely pressure" the prime minister "to get rid of the party by claiming that the results were a public snub to the PDP."

The commentary notes the party's habit of using its strength in Bangkok to bolster its position at the national level. Of the PDP's first "complete loss," it says: "Many people voted for Phichit simply because they did not want, or even feared, to see the PDP and Chamlong return to power in the city administration. They feared the PDP would once again use them in claiming credit for its past and future deeds."

THE NATION carries a 500-word editorial on page A4 entitled: "Will Phichit Dare To Do the Impossible." It congratulates the new governor, but warns him to be aware of "the harsh realities of Bangkok" now awaiting him and urges that "he must not disappoint city residents. He must translate his dream of a livable and greener city," it says, "into practical reality."

Thailand: Dailies Comment on Work of New Bangkok Governor

BK0306125996

[FBIS Report] Three Bangkok vernacular dailies — KRUNGTHAP THURAKIT, THAI RAT, and MATICHON — on 4 June carry editorials and an article com-

menting on the landslide victory of independent candidate Phichit Rattakun in the 2 June Bangkok governor election.

KRUNGTHEP THURAKIT's 400-word editorial, on page 2, entitled: "700,000 People Vote To Give Mandate For Revitalizing Bangkok Metropolis," says: "First, Bangkok residents have approved the idea proposed by Phichit for tackling problems which have accumulated over the past ten years. Pollution is one of the problems which has rendered Bangkok one of the worst places to live on earth and must be urgently resolved by energetic Governor Phichit, who himself lost the 1992 gubernatorial poll.

"Second, the result of the 2 June poll should serve as a good lesson to at least three big parties which have never really paid any serious attention to the problems of Bangkok for they are over confident with their electoral bases in the capital. The Phalang Tham Party nominated Major General Chamlong Simuang despite his status as a member of Parliament. The Democrat Party was so indecisive that Phichit had to quit to run in the gubernatorial poll as an independent candidate. The Prachakon Thai Party could not do anything better than to drag Kritsada Arunwong na Ayuthaya from the Phalang Tham Party and selected him to vie in the poll under its banner.

"Third, the outcome of the 2 June election has testified to the discontent of Bangkok residents with the seven quarreling parties in the coalition government. This is why the independent candidate won a landslide victory."

The editorial extends its heartfelt congratulations to the new Bangkok governor and encourages him to "be courageous in confronting influence and pressure from the big political parties which command strong electoral support in Bangkok. Votes from over 700,000 people have constituted a powerful mandate that can help Phichit overcome obstacles in his endeavors to refurbish and solve the pollution problem of Bangkok."

THAI RAT's 300-word editorial, on page 3, entitled: "Get To Work," says: "The number of votes rendered to Phichit was much higher than that received by Major General Chamlong Simuang in the 1990 gubernatorial election. This is a clear indication that Bangkok residents want Phichit to work for them and to solve the accumulated problems of the capital of the country."

The editorial continues: "Traffic congestion is the most urgent problem the people want the new government to resolve. In doing so, he must not think only of his political gains like other politicians did."

In conclusion, the paper says: "We wish to give moral support to the new administrative team of Bangkok

Metropolis. Everyone in the team must realize that the responsibility handed to them by Bangkok residents is huge and heavy. Do not disappoint your supporters, otherwise, you will suffer the consequence. Work hard and be sincere. Use your young generation energy to turn Bangkok into one of the best and livable cities."

MATICHON's 400-word article, on page 2, entitled: "Phichit Rattakun, the New Bangkok Governor," reviews past events which led Phichit to leave the Democrat Party and run in the gubernatorial poll as an independent candidate, and introduces members of the new governor's administrative team.

The article notes: "Since 'Dr. Jo' [alias of Phichit Rattakun] competed in the election as an independent candidate, he will encounter numerous difficulties in working with members of district and city councils who are mostly members of the Phalang Tham Party.

"He will have to deal with Mrs. Sudarat Keyuraphan [deputy interior minister and secretary general of Phalang Tham Party], who was assigned to supervise the operation of the Bangkok Metropolitan Administration by Prime Minister Banhan Sinla-acha in his capacity as interior minister."

Thailand: Commerce Ministry Reports Oil Consumption in First 4 Months

BK0206093296 Bangkok MATICHON in Thai
1 Jun 96 p 7

[Unattributed report]

[FBIS Translated Text] According to Deputy Commerce Minister Montri Danphaibun, in the first trimester of this year Thailand consumed 112.1 million liters of fuel a day, or 705.36 barrels. This is an increase of 10 percent over the same period from the previous year. Some 85.5 million liters a day were supplied by local refineries, a 12 percent increase from the previous year. Imported fuel accounted for 32.8 million liters a day.

Montri said this daily consumption included 18.3 million liters of gasoline, which is an 11 percent increase over the same period from last year. Production by local refineries increased 7 percent, resulting in a decline of imported gasoline to 1.7 million liters a day. Consumption of high-speed diesel during the period was 46.9 million liters a day, a 14 percent increase over the previous year. This increase will continue because of a two-fold demand for electricity generation.

The consumption of bunker oil during the period was 28.6 million liters a day — a 5 percent increase over the previous year. Fifty-five percent of that was for power generation. A trend of declining use of bunker oil for

power generation is beginning, because new generators use high-speed diesel.

Thailand: Commander Dismisses Corruption Charge on Arms Procurement

BK0406041396 Bangkok BANGKOK POST in English 4 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Supreme Commander Wirot Saengsanit on Sunday accused arms dealers of spreading corruption allegations regarding the procurement of armoured fighting vehicles for the Army.

Gen Wirot said he was not surprised when leaflets containing the allegations appeared yesterday as he had already predicted it would happen.

He claimed arms dealers who lost out when the Supreme Command decided to buy the "armoured fighting vehicles", a rapid moving four-wheel vehicle mounted with a cannon and capable of carrying personnel, from a French company had distributed the leaflets.

Gen Wirot said he knew who they were.

The leaflets alleged there had been irregularities in the selection of the vehicles from France by Gen Wirot and a joint Supreme Command Headquarters-Army panel chaired by Supreme Command chief-of-staff Mongkhon Amphonphisit.

Gen Wirot said it was normal for arms dealers to feel "irritated" when they lost a bid.

"But they shouldn't use such tactics," he added.

He said he had instructed the joint committee to prepare documents to counter the corruption allegations at the very start as he expected the attacks.

Gen Wirot said he would clear up the allegations with Prime Minister Banhan Sinlapa-acha and Defence Minister Chawalit Yongchaiyut only.

He said the joint committee assessed the capability of armoured tanks from Germany, France, Canada and the United States and finally decided to buy the French ones.

According to Gen Wirot, the French company belongs to the state and the purchase would be made on a government-to-government basis.

The vehicles would be bought with funds from the Supreme Command Headquarters.

Gen Wirot said he has approved the selection in principle but the tanks would not be purchased until another committee was appointed to handle the procurement directly.

He brushed aside the corruption allegations, saying most members of the joint committee were officers with "bright futures" who would not risk losing their reputations.

Army Chief Pramon Phalasin, meanwhile, also indicated the leaflets had been distributed by arms dealers who were trying to change the Army's selection.

He denied the corruption allegations were made by "some Army men".

Gen Pramon said the winning company had offered the lowest bid, some 2 billion baht less than the other firms.

He said the company is owned by the French government and is not on the edge of bankruptcy as alleged in the leaflets.

Gen Pramon also said he had delayed a plan to replace old rifles with new ones because the committee set up to procure such weapons was unable to answer several of his queries.

The army chief said the committee could not tell him whether the new rifles were worth the money in light of the fact that some of the old ones were still in good condition.

He said the committee was also unable to say what it would do with the old rifles after their replacement or whether some of them could be repaired.

"They were not able to give me answers. So I saw no reason to replace them (the rifles)," Gen Pramon said.

He said he does not care what people think about him.

"I'm not trying to get in anyone's way. I'm doing this for the Army's benefit," Gen Pramon said.

He added he will cancel the purchase of the new rifles and repair the old ones.

Reports that the rifles were out of order were spread by arms dealers who wanted to sell their own weapons.

That is why there are always objections whenever the Army asks for a budget to repair its weapons, Gen Pramon said.

Also, the budget is always cut without reason he said.

Gen Pramon admitted that he sometimes felt discouraged when the Army's budget was slashed and wanted to take the matter up with the Budget Bureau.

He said the Army budget for fiscal 1997 had been cut by more than 5 billion baht. This happened despite his efforts to explain to the budget scrutiny committee that the Army needed to repair its Scorpion tanks and build a

convention centre and dormitories for the Army Chief-of-Staff School.

Thailand: Companies Form Asian Broadcasting Alliance

BK0306055196 Bangkok THAILAND TIMES
in English 3 Jun 96 p D1

[Report by Benchasak Bumrung]

[FBIS Transcribed Text] Bangkok — Australian broadcasting mogul, Rupert Murdoch, faces a business challenge from a three-way satellite TV business alliance formed by leading Thai companies with aims to compete against Star TV, the most popular satellite station in Asia.

The three companies comprise Bangkok Broadcasting and Television Company (BBTV), Grammy Entertainment Plc and Chinnawat Group, with a "secret" association with International Broadcasting Corporation Plc (IBC), which is the operator of the most popular cable TV system in Thailand.

BBTV is the company which was entrusted by the Supreme Command Headquarters to operate the Royal Thai Army's channel 7 which is the most popular station in the country. Grammy Entertainment Plc is known as a leader in the entertainment business and the Chinnawat Group is praised as chief in the telecommunications business in Thailand.

"Our alliance is to push IBC to be a leader in the broadcasting business in Asia," IBC's chairman Surang Prempri said.

The joint alliance will use IBC as its stronghold with their aim to have IBC as the broadcasting business leader against Star TV. This move is to be carried out secretly and gradually.

Starting in 1995 the Chinnawat Group let BBTV hold 18 percent of its shares and Grammy will also hold 18 percent of its shares.

In 1996, the Chinnawat Group let high-ranking executives from BBTV and Grammy have more say in its administration, with Surang Prempri, known as the "Tycoon of Channel 7", appointed as IBC's chairman for the group's executive chairman Phaibun Lip-phayom and Phaibun Damrongchaitam, managing director of Grammy as a high-ranking executive in IBC.

This year the ally made a significant move by agreeing to sell IBC's three subsidiaries, SC Matchbox (SMB), Chinnawat Pacific Direct Marketing (SPD) and Chinnawat Directories (SDY). It reasoned that the move will generate administration liquidity to IBC and comply with the group's future investment plans.

However, due to the move, which was not officially disclosed by any top-ranking executives at IBC, the Chinnawat Group is being strongly criticized for its letting BBTV and Grammy take shares in it and selling out its subsidiaries.

Chinnawat Group's Vice President Bunkli Plangsiri said, "I confirm that the group will never give up its attempt in the broadcasting business. The group's cancellation of the plan in Vietnam is its retreat to start a new one and its selling the subsidiaries does not mean that it will not keep its interest in IBC's business."

Grammy's managing director Phaibul said, "That Grammy and BBTV hold interests in IBC does not mean that they will take over IBC. But it does mean that they will strengthen IBC so that it will be in a position to compete worldwide with companies in the same business."

Meanwhile, Surang Prempri said that Grammy is an expert in marketing Chinnawat's readiness in hardware and BBTV is able to support it with software. Their ally will support to push IBC to attain to its goal.

A broadcasting business source disclosed that at present it is highly suitable for IBC to run a satellite business as there is no private company that can run it like IBC.

"In the past, the CP Group was believed to be the most ready to operate this kind of business as it was pushed by Saengchai Sunthonwat, former director of the Mass Communications Authority of Thailand. But due to his death, the group's satellite project is believed to be a failure," the same source said.

Bangkok Entertainment Plc was assigned to operate Thai TV Color Channel 3 with plans to invest in the satellite business. However, if it decides to do this, it would take a very long time for it to enter this field.

Vietnam

SRV: Trade Volume Shows Sharp Increase

BK0406021496 Hanoi VNA in English
1450 GMT 3 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 3 — Vietnam's import-export turnover has shown a sharp rise with an average of 20 percent increase in exports and 22 percent in imports per year for a decade now, especially since 1991, nearly three times faster than the annual GDP growth rate.

Vietnam now has trade ties with 104 countries and has increased its essential export items from two before 1991 to 12 at present. They are crude oil, rice, marine

products, textiles and garments, coffee, rubber, cashew and other farm products.

Noticeably, trade volume has been balanced between imports and exports in a proper manner in favour of trade expansion from year to year. 1992 saw Vietnam with a trade surplus for the first time. Moreover, Vietnam has tremendously shifted from raw materials or half-processed items to completely processed products such as rice, coffee, cashews and other farm produce.

Garments are top on the list of most increased export articles, registering an annual rise of 30-40 percent. Now, the country has more than 3,000 garment companies and enterprises employing tens of thousands of young workers.

In the first half of 1996, Vietnam is expecting to earn an export turnover worth USD3.05 billion (USD1.4 billion from local exports) or 16.5 percent higher than the same period last year while its import will be valued at USD4.8 billion (about USD2 billion from local imports).

Different from the previous years, the first half of 1996 sees an immense decline in the import of foreign consumer goods which have represented only 10 percent compared to the corresponding period last year.

Various sectors of the commodity economy have taken shape with a closer combination between production, processing and consumption to conform to the policy of industrialisation and modernisation.

SRV: Reportage on Argentinian Foreign Minister's Activities

*BK0406020796 Hanoi VNA in English
1509 GMT 3 Jun 96*

[FBIS Transcribed Text] Hanoi VNA June 3rd — Argentinian Foreign Minister Guido Di Tella arrived here today for a working visit to Vietnam as guest of Foreign Minister Nguyen Manh Cam.

Mr. Tella was welcomed at the government's guest house by Foreign Minister Nguyen Manh Cam, Deputy Foreign Minister Nguyen Van Nganh, Deputy Minister of Planning and Investment Vo Hong Phuc and Deputy Minister of Agriculture and Rural Development Ngo The Dan.

Later on Vietnamese Foreign Minister Mnguyen Manh Cam and his Argentinian Counterpart Guido Di Tella held talks.

Minister Cam briefed his guests on Vietnam's current situation, and its external policy of independence, diversification, and multilateralisation especially the achievements recorded during its 10-year renovation process.

He also reaffirmed that the Vietnamese leaders and people would pursue their renewal process in order to achieve the goal of prosperous people, a strong country, and fair and civilised society.

Minister Guido Di Tella expressed his admiration at and highly appreciated the achievements gained by the Vietnamese people and spoke of political situation and economic development in Argentina and its policy of promoting relations with countries in the Asia-Pacific region.

The two sides noted with satisfaction at new steps of the development of the relations between the two countries in recent years and agreed that these relations have potentials for further development. On this basis, the two ministers compared notes on measures to further strengthening friendship and comprehensive cooperation between the two countries for the benefits of the two peoples, for peace, cooperation and development in the Latin America, Southeast Asia and the world as a whole.

Mr. Cam and Mr. Tella signed here this evening agreements on investment encouragement and protection and on mechanism of regular consultation between the two foreign ministries. An agreement on economic and trade cooperation was also signed by Foreign and Trade Minister Guido Di Tella and Vietnamese Minister of Trade Le Van Triet and an agreement on veterinary cooperation between the two countries was signed by Deputy Secretary of State Marcelo Avogadro and Deputy Minister of Agriculture and Rural Development Ngo The Dan.

Minister Cam later gave a banquet in honour of his Argentinian guests this evening.

SRV Prime Minister Receives Argentinian Foreign Minister

*BK0406021196 Hanoi VNA in English
1525 GMT 3 Jun 96*

[FBIS Transcribed Text] Hanoi VNA June 3 — It is time for Vietnam and Argentina to boost their bilateral cooperative and friendly relations for further development, said Argentinian Foreign Minister Guido Di Tella to Prime Minister [PM] Vo Van Kiet during a reception here this afternoon. Mr. Tella, who arrived here this morning for a four-day working visit, said: "The two countries have established diplomatic ties for more than 20 years now. However, the relations haven't developed in proportion with the potential and aspiration of the people in each country." He further said that the opening of Argentinian Embassy in Vietnam proved that Argentina was striving to promote the two countries' relations. "Vietnam is implementing economic reform like

Argentina has done. The two countries can exchange experiences in this matter. Argentina has the strength in agriculture, livestock breeding, mechanical and engineering manufacture, especially electric products and port loading equipment. Argentina wishes to develop trade, cooperation and share experiences with Vietnam in these fields," the diplomat said adding that a number of Argentinian corporations wished to participate in bidding for power plants' construction in Vietnam. Speaking to his guests, PM Vo Van Kiet welcomed Minister Tella's first Vietnam visit as a significant event in the two countries' relations. He expressed the Vietnamese Government and people's thanks to the government and people of Argentina for their active support in the Vietnamese people's former struggle for independence and their present national construction and defence. He stressed: "Vietnam is very interested in developing its cooperation and friendship with Argentina. The foreign minister's visit together with agreements signed on this occasion have opened a new period in the relations between the two countries, thus meeting the interests of people in each country." Mr. Kiet highly appreciated Argentina's achievements and experiences in its industrialization from an agricultural country and expressed his hope that these would considerably contribute to the success of Vietnam in its industrialization and modernization.

SRV: Jakarta Agrees To Cooperate in Administrative Reform

*BK0406092996 Hanoi VNA in English
0743 GMT 4 Jun 96*

[FBIS Transcribed Text] Hanoi VNA June 4—Vietnam and Indonesia will further their cooperation in administrative reform and information exchange, according to the outcome of a recent meeting in Jakarta.

The affirmation was jointly made during the talks between a delegation of the Vietnamese Government's Commission for Organisation and Personnel headed by cabinet minister and commission director, Mr. Phan Ngoc Tuong, and an Indonesian State Administrative Reforms Ministry delegation led by Mr. Tiopan Bernhard Silalahi.

At the session, the two sides discussed concrete cooperation steps to train public servants and define bilateral co-ordination structures for organisational and financial cooperation between the two sides. They also compared notes on administrative reforms in their respective countries and reviewed cooperation in public affairs between the two agencies.

During the week-long Indonesia visit made at the invitation of the Indonesian minister for state administrative

reforms, the Vietnamese delegation was received by Indonesian President Suharto.

Mr. Tuong and his entourage called at and had working sessions with relevant Indonesian senior officials, including the minister of national development planning, the director of the National Administration Institute, and the minister of home affairs to inquire into functions and tasks of public affair management agencies in Indonesia.

The visit which will ended on May 26, will pave the way for a new development in bilateral cooperation between the Vietnamese Government's Commission for Organisation and Personnel and the Indonesian State Administrative Reforms Ministry and contribute to the consolidation of the friendship and cooperation between the two countries.

SRV: Cambodian Foreign Ministry Condemns Killing of Vietnamese

*BK0206105496 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 1 Jun 96*

[FBIS Translated Text] The Ministry of Foreign Affairs and International Cooperation of Cambodia on 29 May sent a diplomatic note to the Vietnamese Embassy in Cambodia strongly condemning the armed terrorists' massacre of innocent Vietnamese nationals in Pursat Province on 17 May. The note expressed deep condolences to families of the victims.

The Cambodian Foreign Ministry also informed the Vietnamese Embassy that they had requested the relevant authorities take effective measures to investigate the massacre and bring the criminals quickly to court.

SRV: Foreign Investors 'Worried' by Coming Party Congress

*BK0406023996 Hong Kong AFP in English
0215 GMT 4 Jun 96*

[By Pascale Trouillaud]

[FBIS Transcribed Text] Ho Chi Minh City, June 4 (AFP) — The upcoming Vietnamese communist party congress has foreign investors worried — all key decision-making is on hold and they are themselves none too keen to proceed without knowing the shape of things to come.

The foreign business community is holding its breath ahead of the important meeting which, according to unconfirmed reports, is set for June 28 to 30.

While everyone is agreed that the congress would determine the investment climate, some complained of

"total paralysis" and others spoke of "an element of indecision."

"It is a wasted year," said a European banker based in Ho Chi Minh City, adding there had been a major slowdown in business. "Over the past six months nothing has moved and often things have been held up for want of the very last official chop" needed for a contract or licence to start operations.

"The bureaucracy is paralysed, they are afraid," he said, adding, "the officials have no idea which side will prevail, the hardliners or the liberals."

Another banker said, "there is a feeling that no major decision can be taken" and that in most ministries top officials "have made themselves scarce," thanks to an interminable series of meetings preparing for the congress.

The manager of a luxury hotel in Ho Chi Minh City (formerly Saigon) which receives visiting heads of government or ministers, spoke of a drop in "high profile visits" and in the arrival of business guests.

Firms expecting foreign partners' visits complained of problems in visa clearance during the sensitive "pre-congress" period, with the authorities seeking to limit the presence of foreigners.

"When people say everything has ground to a halt for the congress, I disagree," one Western consultant said, adding that some applications for licences and contracts were dealt with speedily by officials who feared losing their jobs. However, he too spoke of a climate of "indecision."

A corporate lawyer said he was amazed that anyone should be surprised by this turn of events. "Quite clearly there has been a slowing down," he said, adding: "But businessmen ought to have expected it. It's like in a pre-election period. Look how it was in India prior to the last elections."

In fact, approvals of foreign investment proposals dropped by 48 percent in value in the first five months this year compared to the same period last year.

Experts say the phenomenon was due in large part to the congress. Figures published Monday showed that 112 projects, with a value of 1.6 billion dollars, received licences in the first five months.

Uncertainty has never been good for business and several investors, specially those yet to get started in Vietnam, have wisely opted to wait.

"An investor ought to be able to plan ahead. Right now it is not possible to do that," the lawyer said.

The climate of uncertainty is reinforced by the fact that while the "reformers" whom foreign investors look kindly on such as Prime Minister Vo Van Kiet seem to be gaining ground, the outcome of the congress is still wide open. Moreover, intense factional struggles could produce last minute surprises.

Top party leaders have over the last few months blown hot and cold, at once signalling the continuation of economic reforms as well as a tougher ideological line.

They have affirmed the central role of the state sector even in a market economy and have come up with gestures such as the sudden ban on advertisement hoardings in foreign languages.

Although the tougher line is interpreted as merely the communist party's attempt to show it was in charge, it has led to some disquiet.

Meanwhile, businessmen are tending to put appointments off to the "post-congress" period. A banker had one prediction: "There will be no take-off unless the liberal faction wins hands down."

SRV: Power Industry Strives To Reach 20 Billion KWH by 2000

*BK0206144996 Hanoi VNA in English
1435 GMT 2 Jun 96*

[FBIS Transcribed Text] Hanoi VNA June 2 - Under a new development plan of the power industry recently approved by the government, Vietnam's power supply will double to 30 billion kwh a year by the year 2000. The national power grid will also reach all districts and around 80 percent of villages and communes across the country.

To achieve these goals, the industry has planned to upgrade its existing power plants and build new hydro-power and gas-turbined plants. The required investment in this development plan is estimated at \$6 billion. The plants to be upgraded in the next two years include the 400mw Phalai Power Plant in Hai Hung Province, the 153mw Uong Bi Power Plant in Quang Ninh Province and the 110mw Ninh Binh Power Plant in Ninh Binh Province.

Among the new plants to be built over the next several years in the south are the gas-turbined power plants of Phu My 1, 2 and 3 in Ba Ria-Vung Tau (with a combined capacity of 1,800-2,200mw).

The power industry also plans to build the Pha Lai 2 Power Plant with the first of its three generator groups, 200mw each, to be operational at the end of 1998 and the rest in mid-2000. The plant's investment is projected

at 9,886 billion Vietnamese dong (around \$900 million), to be financed by the Japanese Government.

A good number of hydro-electric power plants will also be built including the Hinh River Plant with a capacity of 70mw and an investment capital of \$90 million, the Ham Thuan-Da Mi, 472mw and \$600 million, and the Yaly, 720mw and \$590 million. In addition, small hydroelectric power plants will be built in mountainous areas across the country.

SRV: Decision on Information, Culture Inspectorate Issued

BK3005083596 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 29 May 96

[FBIS Translated Text] The prime minister recently issued Decision No. 345-TTG on the Organization of the State Inspectorate in Charge of Cultural and Information Activities.

The State Inspectorate in Charge of Cultural and Information Activities has the function to conduct state and professional inspection of the information and cultural sector over the publishing of newspapers, the printing and publishing of books, cinematographic and photographic activities, performance arts, fine arts, libraries, preservation, and conservation activities, advertisement, and other areas of activity of the cultural and information sector that fall under state control.

The organizational system of the State Inspectorate in Charge of Cultural and Information Activities consists of:

- the inspectorate at the Ministry of Culture and Information, an organ subordinate to the Ministry of Culture and Information, the function of which is to help the minister of culture and information perform his state and professional inspection functions on a national scale.

- the inspectorate at a province or city culture and information office, belonging to those provinces or cities under the direct jurisdiction of the central government, which is an organ subordinate to that province or city culture and information office and the duty of which is to help the director of that province or city culture and information office exercise his state and professional inspection functions within the area of responsibility of that relevant province or city under the direct jurisdiction of the central government.

SRV: New Hanoi Party Chief Reveals Five-Year Strategy

BK0406053596 Hanoi VIETNAM INVESTMENT REVIEW in English 20-26 May 96 p 2

[Interview with Hanoi Party Committee Secretary Le Xuan Tung by Nguyen Hong Sam; place and date not given]

[FBIS Transcribed Text] [Nguyen Hong Sam] You have just been elected as Secretary of Hanoi's Party Committee. How do you feel?

[Le Xuan Tung] I feel proud, but also highly responsible. The pride may soon go, but responsibility will stay. My pride is within and comes from my obligations. Should I properly fulfill my obligations, I may be proud of my job. And of course, the more difficult my obligations are, the higher the pride may be.

[Nguyen Hong Sam] What is your focus in the immediate future?

[Le Xuan Tung] There are many problems ahead, but the focus should be the development of the capital's economy in line with the city Party Congress' modernization plan. There will be some concentration on urban planning, construction and management. We need also to reestablish city order with building restrictions so we can build Hanoi as a green and clean city in preparation for its 1,000th anniversary. Party construction should also be a major task, based on a strong core of personnel. The overall purpose is to build up an effective Government to manage the economy and social affairs, turning the Party's policy into action.

[Nguyen Hong Sam] What is your message to foreign investors?

[Le Xuan Tung] Hanoi has always opened its arms to foreign investment. In the next five years, it's expected to have a prescribed foreign investment of US\$7 billion to US\$8 billion, of which about 30 per cent will be implemented. I expect a lot from foreign investors, although administrative procedures today are still bureaucratic and cumbersome, coordination between various authorities is not smooth and foreigners still have to wait a long time. We can make reforms, but the results will not be seen for a while. I want investors to be patient. Success only comes to patient people. Foreign sides and their Vietnamese partners must cooperate and not give up just because of initial difficulties.

The lesson for foreign investors in Vietnam is that success only comes to those who know how to be patient.

[Nguyen Hong Sam] Your strategies in the next five years?

[Le Xuan Tung] In the next five years, there will be some programmes to make Hanoi a real symbol of Vietnam. They are in conformity with the demands of the new era.

These programmes are building up the economy in the orientation of socialism, external economic relations, and the programme to celebrate the 990th anniversary of Thang Long.

[Nguyen Hong Sam] How will the problem of unemployment be resolved?

[Le Xuan Tung] There are today around 50,000 people registered as unemployed, but the actual figure may be more—about 90,000. Hanoi already has several ideas about how to resolve this problem, including the national employment fund, banks for the poor, a farmers' support fund, vocational training centres and so on.

We have a lot of things to do, but first of all we must create jobs for young people in urbanised areas. They should be employed by the new factories built on their old land. Capital will be required.

However, the State can only offer assistance to solve this problem. They and their families need to be active to find jobs. In the coming five years some 160,000 jobs will be created in the city.

[Nguyen Hong Sam] What do you think of the industrialisation and modernisation of the city?

[Le Xuan Tung] Hanoi will have five major concentrated industries: engineering, electronics, food industry, textiles, garments and leather industry; construction and building materials industry. In regard to technology, we must proceed with both feet, meaning that we must import modern and high technology, but also introduce technologies that require large labour forces.

We built about nine concentrated industrial zones in Hanoi in the late 1950s and 1960s, mainly in the inner city. But they have proven inappropriate to the modern city and have affected the environment. In the future, we will build new industrial zones in the suburbs and focus on very modern technologies. We will set up joint ventures to build industrial zones, similar to the Sai Dong B (which is being built) and the Sai Dong A. An export processing zone will be built in Soc Son and the North Thang Long commercial complex is to be built in the north of Hanoi by Sumitomo of Japan.

We are also working on a project to build a US\$2.1 billion urban centre in Phu Thuong commune. More than 30,000 people will live there. Expensive apartments and houses for common people will be built on a 392-hectare site, along with an entertainment complex.

SRV: Vice President on Socialist Development

963E0016C Hanoi TAP CHI CONG SAN No.3
in Vietnamese Feb 96 pp 16-18

[Article by SRV Vice President Nguyen Thi Binh: "Speedily Develop the Country To Achieve Socialism"]

[FBIS Translated Text] Organized and led by our party, the renovation of our country have recorded important achievements over the past 10 years: it has virtually put an end to hunger and illiteracy, noticeably improved the people's standard of living, and enriched a segment of the population. The state has begun accumulating capital to create the material and technical base for industrialization and modernization, to develop public welfare (culture, education, health care), and to take care of people credited with meritorious services to the revolution, of the poor, and of those fallen in hard times. Taking the advantage of this impetus, if we can continue maintaining a high rate of growth, preserving political stability, and satisfactorily various party and state policies not only in the economic field but also in the cultural, educational, and social domains, our country will surely advance rapidly in accordance with the socialist orientation.

However, the market economy has also resulted in many negative consequences, such as acute differentiation between the rich and the poor, an extravagant, profit-motivated, money-chasing way of life.... In addition, because of a lack of knowledge and limited managerial and administrative capabilities, our national economy is still beset by difficulty and confusion in determining the direction of development. In the face of this situation, a number of people have wavered in determining the direction of advance. Social-minded people are worrying about our selection of a plan to seize the opportunity and achieve rapid development without risking the danger of deviating from the socialist orientation.

First of all, we should affirm the necessity to make the most of the opportunity to speedily develop the country. In the current scientific and technical revolution, it can be said that all countries face challenges which they must overcome in order to develop. For poor countries, the challenges are even greater. Ours is one of the few countries belonging to the "Third World," but thanks to the party's renovation policy, Vietnam has extracted itself step by step from socioeconomic crisis. We should seize the opportunity to quickly become a developed industrialized country strong enough to defend its national independence and to follow the path it has chosen. The question is: How to achieve economic development according to the market mechanism and to pursue the open-door and integration policy while firmly maintaining the socialist orientation?

Looking back at various policies followed by the party in carrying out economic renovation, we note that we have always firmly maintained our national and class stand; that we have advocated developing several economic sectors but have considered the state economic sector to be the leading one; that we have advocated striving for economic development in conjunction with promoting social progress, preventing the differentiation between the rich and the poor from resulting in classes opposing each other; that we have broadened international cooperation on the basis of national sovereignty being ensured.... However, if those policies are not satisfactorily implemented or if mistakes are allowed to persist, it is possible that we would deviate from the socialist orientation right in the economic field. Moreover, if we fail to overcome negative practices such as corruption and smuggling, and the degradation and deviation of a section of cadres and party members, these problems will weaken the regime and provide a fertile ground for hostile forces to carry out "peaceful evolution" activities. A hard nut for us to crack is that the socialist road we have chosen is still a novel experience, therefore transient errors and mistakes are unavoidable. For this reason, we must carefully consider each step and promptly rectify mistakes to ensure that we are not veering away from our objectives. The Seventh Party Congress Resolution clearly pointed out that management by the state is necessary to maintain correct orientation in carrying out economic development according to the market mechanism. The party's leadership role and the state's managerial capability should be brought into full play to guarantee effective operation of the market mechanism and, at the same time, ensure development in the right direction. Relying on the people and considering the people as the roots as recommended by Ho Chi Minh thought, and thanks to its creative application of Marxism-Leninism, the Communist Party of Vietnam has been able to formulate a program for building socialism in the period of transition that conforms to the objective laws and that has been proven correct by reality (naturally, the forms and models of development for each specific period and each step should continue to be studied and tested).

One thing worth paying attention to is that our knowledge and managerial capability still do not measure up to our tasks. Therefore, renovating the essence of management, especially management by the state, and improving the capability of the national management apparatus in all respects have become the primary requirement of the task of maintaining the socialist orientation while carrying out economic development according to the market mechanism.

An important characteristic of economic development under the market mechanism is reducing the state's direct interference—by means of administrative measures and orders—in economic activities while upholding the state's role in pointing out directions, creating a favorable environment for economic development, promoting economic growth, aiding businesses in hard times, and controlling and supervising the activities of all economic sectors on the basis of laws and policies.

The on-going policy of gradually eliminating the controlling role of various ministries is a measure to renovate state management. This policy should be accompanied by reform of administrative procedures and change of the essence of state management of businesses. State management agencies should provide information for and guide businesses in choosing directions, partners, and markets to limit the losses businesses may suffer because of the risks in the markets. Such a change in the essence of state management requires that management cadres' level of technical skills as well as revolutionary ethics and quality should be improved.

When necessary, the state should also lend businesses a hand to tide them over or to create more favorable conditions for them to develop. In forming joint ventures with other countries, if cadres are equipped with adequate knowledge and managerial capability, they would be able to choose the right investment plans, a precondition for achieving high economic efficiency, creating many jobs for laborers, and ensuring the interests of workers in joint ventures and foreign-invested enterprises. On the contrary, if management cadres entrusted with important tasks have poor managerial skills or lack revolutionary quality, we would suffer losses in many ways.... In reality, this is happening in many localities. Or we can cite another example: Competition is regarded as a moving force for economic development under the market mechanism, but if there is no monitoring or management in carrying out joint economic operations with other countries, the state may lose control over this process, economic losses may occur, and even national sovereignty may be violated.

To fulfill its function of creating a favorable environment for economic development, the state should enact and perfect laws and control and supervise their implementation. Despite our numerous efforts, to date the party's economic and social policies and positions have not yet been fully institutionalized. In the days ahead, we should continue to devote much time and intellect to this task to ensure that our people and even foreigners can clearly see the laws they must to comply with and that everyone can do business with confidence. However, laws cannot be perfected all at once and loopholes totally avoided; therefore, they must be supplemented

and revised to be in line with the actual situation. Life has shown that in the majority of cases, the manifestations of corruption, smuggling, speculation, market monopoly... have been the product of legal loopholes and complicity of a segment of officials. It is for this reason that, along with enacting procedures and laws, making studies to amend, supplement, and make them conform to life is also an imperative requirement aimed at ensuring that our country develops in the right direction. Wherever and whenever management is poor and inappropriate, there will arise difficulties, entanglements, and negative practices that inhibit production, upset and slow down the pace of economic growth, and even cause disorder in society and create confusion among the people (the cement and rice crises can be cited as examples). Therefore, enhancing the state's efficiency in managing and directing socioeconomic affairs along with improving the party's leadership and organizational capability is a prerequisite to building an economy that develops along the socialist line. The party should attach special importance to determining correct lines and strategies, devise appropriate steps, and promptly carry out research on and lay down realistic policies and positions. Experience has shown that, although advancing correct policies is a very decisive factor, failure to satisfactorily organize implementation of those policies in life will severely limit their results. For this reason, an even more important task is for the party to strengthen its control and supervision of policy and position implementation in life in both domains of state and business management.

The party should attach great importance to training cadres to have enough virtuous and talented people for assignment to key positions. In any domain, party members must be people who know how to preserve their quality and virtues and to enrich themselves legitimately; but they should not forget to do charitable work, should not run after money at the expense of the community's interests, and should suppress the scourges of corruption, bureaucratism, and other bad habits that are eroding the quality and virtues of revolutionary cadres. Only in that way will speedy economic development under the market mechanism not jeopardize the socialist orientation.

In the past, we had to concentrate on economic development to ensure rapid growth and to extricate our country from crisis. Now that our country has got out of crisis, it is high time for us to pay adequate attention to harmoniously combining the economic development task with resolving social problems. This is because social well-being is not only an objective but also a condition for and moving force of development.

The superior character of our system and state is that they constantly devote themselves to caring for the interests of human beings and of the people. We encourage all citizens to make use of their own energy and intellect to enrich themselves and the country; but we also demand that everybody live and work in accordance with the law. Showing respect for human dignity, ethics, and national traditions is not only a duty of individuals but also of the state and the community.

In its capacity as the manager of society, the state should promulgate the legal bases for social standards and establish social managerial mechanisms, first of all in the cultural and educational field, to steadily improve the people's standard of living; preserve and develop ethical values, human dignity, and national cultural traditions; and uphold the sense of independence and sovereignty, respect for the law, and the freedom and equality of everyone in labor and study. The state and social organizations should gear this task to the family, the cell of society, considering the family as a unit charged with organizing the implementation of the task. The ancients who used to say, "If we can successfully manage our household affairs, then we will be able to govern our country and pacify the world" certainly had good reason to regard family stability as the basis of social stability.

Social organizations should also fully define their duties and should join the state and family in educating and training people and citizens so that they may be capable of assuming the task of national construction and defense. Only in this way can the objective of building an equitable and civilized society be attained together with the objective of making the people rich and the country powerful. And only on the basis of satisfactorily achieving the social objectives can we hope for sustained economic growth and the necessary political stability.

To talk about socialist orientation is to talk about economic development in service of society and people, about an equitable society, a society in which there can be no exploitation of those without the means of making a living by the rich..., and about preservation and development of national culture and fine traditional virtues.

Carrying out the aforementioned tasks is no easy task, but on the strength of our correct viewpoints and firm resolve, we certainly can and must fulfill them in a satisfactory manner to turn Vietnam into a an industrial country developing along the socialist line.

SRV: Official Views Economy After 10-Year Renovation

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[Article by Le Van Toan, MA, head of the General Department of Statistics: "An Overview of Vietnam's Economy After 10 Years of Renovation"]

[FBIS Translated Text] In our country's economic building and development process, the Sixth Party Congress is recognized as a historic milestone marking a decisive turning point in the shaping of an economic model consistent with the requirements of objective laws. The Seventh Party Congress continued to further affirm and refine the renovative line advanced by the Sixth Party Congress. We have carried out economic renovation for 10 years with two five-year plans from 1986 to 1995 and have obtained noticeable results. Right in the five-year plan lasting from 1986 to 1990, the first years of the renovation process, we achieved a number of relatively high economic growth norms. Gross social product (in the 5 years from 1986 to 1990) was up by 26.4 percent, an average annual increase of 4.8 percent; and national income grew by 21 percent, an average annual increase of 3.9 percent. Compared with the general growth rate of the world economy and with the sharp decline of the centrally planned economies when they were undergoing transformation—such as those of the Soviet Union and East European states—our country's economic growth rate between 1986 and 1990 was not too low at all.

More importantly, by the years 1990, we had virtually broken with the old economic management mechanism and had established a new mechanism in width. Worth noting is that this transformation took place before the East European countries and the Soviet Union plunged into a general crisis. Thanks to this timely change, we were still able to obtain international assistance and aid, which made an important contribution to keeping our economy on a firm footing throughout the 1986-1990 period. In 1991, foreign aid was slashed and the export-import markets shrank, causing stagnation and some teetering, but, by then our economy had basically survived the test of the transitional period without great turmoil and had immediately regained a position of fairly stable development.

The 1991-1995 period is regarded as that of new development of our national economy. Considered altogether, in the 5 years from 1991 to 1995, gross domestic product rose by 48.3 percent, an average annual increase of 8.2 percent (specifically, it went up by 6 percent in 1991, 8.6 percent in 1992, 8.1 percent in 1993, 8.8 percent in 1994, and 9.5 percent in 1995), a higher growth rate than

that of all the previous five-year plans and exceeding the set targets for the 1991-1995 period (an average increase of 5.5-6.5 percent per annum). Agricultural production in general and grain production in particular achieved outstanding results. Grain output gradually grew from 21.5 million tons/year in 1990 to 27.5 million tons/year in 1995, an average increase of 1.2 million tons per annum. In all, in the five years from 1991 to 1995, industrial production went up by 88.4 percent, an average annual increase of 13.5 percent. In 1995, the value of exports amounted to approximately \$5.2 billion, 2.16 times that of 1990, while the value of imports totaled \$7.5 billion, 2.72 times that of 1990. By the end of 1995, licenses had been granted to about 1,500 foreign direct investment projects with a total capital of \$19 billion.

Thanks to the fairly high economic growth rate, domestic production has been able to meet consumption requirements and the national economy has begun to achieve accumulation by drawing on its own resources. Although the living conditions of the people from all walks of life are still beset by numerous difficulties, but general speaking they have been improved. If in the past the entire accumulation fund and part of the consumption fund had to be supplemented with foreign loans and aid, since 1991 domestic production has been able not only to meet consumption requirements but also to set aside part its product for accumulation (in 1991, the portion earmarked for accumulation was 10.1 percent of domestic product; in 1992, it was 13.8 percent; in 1993, 14.8 percent; and in 1994, 17.0 percent).

Surveys of the living standard of the people of various strata in recent years have shown that the number of wealthy households had steadily increased and the proportion of poor households had dropped to 19.9 percent in 1993 from 55 percent in 1989; the income of poor households was also higher than before. By mid-1994, up to 60.2 percent of the rural villages had been electrified; 84.6 percent had become accessible by highways; 91.6 percent had been equipped with medical aid stations; and 97.7 percent had been provided with Level I schools and 76.2 percent with Level II schools. Of the 12 million existing peasant households, 50.7 percent are now provided with electric power and 63.6 percent with clean water, while 12.2 percent live in permanent houses and 45.9 percent in semi-permanent ones.

Another important achievement is that we have successfully rolled back hyperinflation. Between 1986 and 1988, retail prices of goods and services increased in triple digits (in 1986, they went up by 774.7 percent; in 1987, they were down to 223.1 percent; in 1988, they rose by 393.8 percent; in 1989, they dropped to 34.7 percent; in 1990, they increased by 67.4 percent; in 1991,

they went up by 67.6 percent; in 1992, they fell to 17.6 percent; in 1993, they dropped to 5.2 percent; in 1994 they climbed to 14.4 percent; in 1995, they dropped to 12.7 percent). At present, inflation is being contained at a relatively stable level.

The socioeconomic achievements recorded in the recent years of renovation, especially in the five years from 1991 to 1995, were the results of the renovative line initiated and led by our party and of the compatibility between the party's idea and the people's aspirations. These important accomplishments have inspired our people and further strengthened their confidence in the party's leadership; at the same time, they have helped secure the approval of international opinion. At the ceremony held on 21 November 1993 to present our country with the title "Best Economic Manager of Asia in 1992," Mr. Richard En-so [last name as published], executive director of the European Monetary Organization, said: "Vietnam has recorded spectacular economic achievements with a high rate of growth and has reduced inflation to a level many developing countries are dreaming of."

In its economic relations with other countries in the region and throughout the world, our country has acquired an unprecedentedly exalted position. To date, 160 countries have established diplomatic relations and more than 100 states and territories have entered into trade relations with us, and more than 50 states and countries have directly invested in our country. Various big powers, world economic centers, and international and regional financial and monetary organizations have established multilateral and bilateral economic relations with Vietnam.

The foregoing analysis has shown that our socioeconomic achievements in the five years between 1991 and 1995 were more comprehensive and noticeable than those recorded in any previous period. Many key norms in various sectors and fields were fulfilled or overfulfilled. The figures in the following table further affirm that observation:

Table 1: Key Economic Norms Achieved Under 1991-1995 Five-Year Plan

	Unit	Level set in 1991-1995 Five-Year Plan	Level achieved in 1991-1995
1. GDP growth rate	%	5.6-6.5	8.2
2. Average annual increase in value of gross agricultural output	%	3.7-4.5	5.4
3. Average annual increase in value of gross industrial output	%	7.5-8.5	13.5
4. Value of exports in 5 years	\$Billion	12-15	17.0
5. Value of imports in 5 years	\$Billion	16	22.1
6. 1995 grain output converted to paddy equivalent	Million tons	24-25	27.5
7. 1995 electricity output	Billion kWh	15-16	14.7
8. 1995 crude output	Million tons	7-8	7.7
9. 1995 steel output	Thousand tons	270-300	380
10. 1995 cement output	Million tons	4-4.5	5.8
11. 1995 population growth rate	%	1.87	2.0

However, we cannot be satisfied with what we have achieved because our national economy still has to contend with great difficulties and trials. The nature and extent of the current difficulties are not determined by the restrictions of the old managerial mechanism

but by the need to promote rapid, sustained economic development and to heighten economic efficiency so that we may be strong enough to compete in the process of integrating into the world and regional

economies. Along with economic growth, we must build an equitable and civilized society.

We are carrying out the open-door strategy at a time when our economic potential, though enhanced, remains negligible, generally speaking. In terms of average per capita output, many products are still very low compared with other countries in the regions and around the world. In 1995, the average per capita output of electricity was only 198.6 kWh; coal, 104.5 kg; crude, 104.1 kg; rolled steel, 5.1 kg; cement, 79.2 kg; cardboard, 2.8 kg; molasses, 5.3 kg; fabric, 3 meters; and exports, \$70.3.

The infrastructure is still incapable of meeting the current requirements, let alone the demands of future economic development. The one-way railroad network has a total length of 3,259.5 km, but 87.8 percent of it are of narrow gauge. Of the total length of highways, only 8.5 percent are asphalted or paved with asphalt concrete, 6.4 percent are gravel roads, 19.7 percent are feeder roads, and the remaining 65.4 percent are earth roads. In recent years, the postal service has made a great leap forward, increasing the number of telephones in 1995 four times over 1992; but on the average there is still only one phone per 100 people.

In various businesses, equipment, machinery, and technology are outdated, and labor productivity and economic efficiency are very low. Most of the current machinery and equipment of businesses are of the older generations. Moreover, this equipment is often a patched-up affair and lacks homogeneity. Thanks to a concentration of investment for several years in a row, state-run businesses are much better equipped than the collective and individual economic sectors. But even in the state-operated businesses and industries, the wear-and-tear ratio of fixed assets, calculated according to the actual depreciation, remains very high. Up to 50 percent of businesses have a fixed-asset wear-and-tear ratio of more than 50 percent; of these businesses, 27 percent have a fixed-asset wear-and-tear ratio of more than 60 percent. Only 26 percent of businesses have a fixed-asset wear-and-tear ratio of less than 30 percent. If calculated on the basis of a reassessment of the actual wear-and-tear (including both visible and invisible wear-and-tear), the wear-and-tear ratio would have been even higher.

Our equipment and machinery are not only small in amount and outdated but also made by many different countries and belong to several different generations of technology. The pieces of key equipment alone are produced by nearly 20 countries. At 1,217 (or 53.1 percent) of the 2,292 businesses surveyed recently, equipment and machinery were found to be in the aforementioned state.

The difficulties regarding the transformation of economic mechanism, the building of infrastructure and services, and the improvement of production technology could be overcome expeditiously if investment capital is available. In our country, capital mobilization currently poses the greatest difficulty, and we have had to concentrate our efforts on resolving it; results, however, have been still very limited.

In previous years, investment capital for capital construction came chiefly from the state budget and a portion of the basic depreciation funds left with businesses; other sources of capital were almost negligible. In the years from 1991 to 1995, we were able to concentrate on mobilizing investment capital for capital construction from several different sources. This has been an outstanding change in investment capital procurement in recent year. However, according to preliminary calculations, investment capital still accounts only for slightly 20 percent the gross domestic product (GDP). Compared with the capital invested in the take-off period by some countries and territories belonging to the East Asian NIC [newly industrialized countries] group, that proportion is too small.

Table 2: Investment Ratio in GDP of ROK and Singapore (Unit: %)

Year	ROK (total investment/GDP)	Singapore (total investment/GDP)
1976	27.1	40.8
1977	29.0	36.1
1978	33.5	39.0
1979	36.6	43.4
1980	32.8	46.3
1981	30.7	46.3
1982	29.8	48.0
1983	29.7	47.9
1984	30.3	42.5
1986	29.2	37.7
1987	30.1	38.5
1988	31.1	35.4
1989	33.6	34.8
1990	37.2	39.7

In addition to being limited, our investment capital has also been used inefficiently. Because the budget-supplied capital is still being loosely managed, there have been considerable waste and losses. Inadequately encouraged and oriented, investment capital of non-governmental economic sectors has been chiefly concentrated in commercial, service, and housing development activities. Foreign direct investment has not been checked and controlled and its socioeconomic effects have not been clearly evaluated.

In our country, at present and in the years ahead, mobilizing more investment capital is going to be very difficult because the capital accumulated from local sources is very limited and social labor productivity low. Foreign capital is not easy to mobilize either because most of the countries currently making substantial investment in our country are also pursuing a strategy aimed at attracting foreign investment. On the other hand, there is fierce competition for foreign investment throughout the world in general and in Southeast Asia in particular. Although our country is a new market, the local investment environment is not yet really attractive because of our weak and deficient infrastructure and our mechanisms and policies have not yet been perfected. Moreover, we can attract foreign capital only when we have done a good job of mobilizing local investment capital.

We have often talked about low economic efficiency, slow change in the economic structure, economic managerial mechanism not measuring up to the renovation undertaking, violations of state law and order, still serious corruption, smuggling.... We have not yet been able to overcome the shortage of trained manpower, specifically the severe shortage of talented managers and capable businessmen who have good knowledge of the market mechanism and international practices. Deficiencies in the human factor are probably the biggest obstacle on our path of advance. Compensating for these deficiencies is not a task that can be accomplished overnight either. A factory or a business could be built within a few years or even a few months, but it takes decades to train efficient business administrators and managers.

The aforementioned impediments are the greatest challenges to economic development and the efforts to resolve the socioeconomic problems in our country at present and in the years ahead. To overcome the difficulties and surmount the challenges to ensure our national economy's rapid, continued, and efficient development, many measures will have to be carried out. In our opinion, the following measures are of particular importance:

-First, we must continue to maintain sociopolitical stability. Experiences of many countries have shown that economic development is possible only if sociopolitical stability is maintained, because only this stability can ensure uninterrupted implementation of economic development strategies and plans, enable concentration of human and material resources for economic development, and inspire confidence among local and foreign investors.

However, stability does not mean maintaining the status quo. On the contrary, on the basis of the results already obtained and of the requirements of the economic renovation undertaking, we must renovate the political system and resolve social problems step by step. For our country, the most pressing problem now is to build a sufficient strong law-governed state. The state must be really of the people, by the people, and for the people; at the same time, it must give expression to the unification of power. We must resolutely overcome bureaucratic centralism, but at the same time we must not turn a blind eye to manifestations of anarchic liberalism. Both bureaucratic centralism and undisciplined liberalism are contrary to the principle of democratic centralism and breed contempt for state law and order and corruption.

-Second, we must persistently implement the policy of developing a multisector economy and diversifying ownership of the means of production. We must bring into play the leading role of the state economy, turning it into the real "ace" in enhancing the socioeconomic effects of the national economy. So, it is not absolutely necessary for state businesses always to get a greater proportion of capital and to participate indiscriminately in all sectors but show low efficiency in controlling and regulating the economy. In the past years, we have not yet paid adequate attention to the nongovernmental economy, causing it to develop slowly. The proportion of the nongovernmental economy in GDP has tended to decrease, from 67.5 percent in 1990 to 66.7 percent in 1991, 63.8 percent in 1992, 60.8 percent in 1993, and 59.8 percent in 1994. This trend does not conform to the set economic development policy. The way to overcome this state of affairs is not only to adopt policies and positions but also to organize, guide, and help the nongovernmental economy to put to good account its considerable potential. We must resolutely oppose the manifestations of negativism in the activities of the nongovernmental economy such as smuggling, tax evasion, fraud, counterfeiting..., but we should encourage people to enrich themselves legitimately and lawfully. We should develop the nongovernmental economy in any branches, professions, and domains that the economy can take over and run efficiently. We should develop the state economy only in those branches that the

nongovernmental economy may not control—such as weapons production, banknote printing...—or can not take over. We should refrain from allowing the other economic sectors to do business only in those fields where the state economy does not operate. In those domains where only the state economy exist, we should set up a number of establishments to stimulate competition, promote development, and overcome monopoly, because monopoly will result in authoritarianism and sluggishness. It is necessary to expand the form of joint ownership among the local economic sectors as well as between us and other countries to create an increasing number of "state capitalist" businesses.

-Third, along with our efforts to secure capital, we should pay special attention to efficiency in using capital, because inefficient use of capital will make expanded reproduction and rapid and sustained economic growth impossible. In the conditions of limited domestic sources of capital and of a high level of mobilization of foreign capital, we will incur heavy debts and inevitably have to depend on other countries if we use capital inefficiently. Budget-supplied capital should be concentrated for investment in the infrastructure that will perform the duty of paving the way and creating a favorable environment for establishing new economic zones and areas with the participation of several economic sectors. On the other hand, we should also renovate our way of thinking about investment, avoiding the straining and fragmentation of capital.

-Fourth, we should continue to keep inflation under control and roll it back. Economic development will be meaningless if it result in an inflation explosion. If inflation remains high, it will be difficult to achieve speedy and sustained economic growth. Increasing investment normally causes inflation to swell, especially when we depend chiefly on other countries for investment capital. To keep inflation in check and to roll it back, we should apply a series of measures, but the most important thing is that we must strengthen and enhance the effectiveness of various financial and monetary instruments.

-Fifth, we should satisfactorily implement the open-door policy and multilateralize and diversify our foreign economic relations to strive for international assistance in terms of capital, technology, and advanced managerial experience. Implementing the open-door policy also mean that we must strongly promote export to obtain foreign currency for import and to create a basis for achieving economic development and improving the people's living conditions. In the conditions of our country's low level of economic development, in foreign trade we should attach special importance to speedily increasing export value instead of worrying too much about the fast increase in import. That is be-

cause in the present import pattern of our country, there are about 20 percent of imports belonging to foreign-invested businesses. The faster the foreign investment capital attracted into our country increases, the higher the value of imports will become, which may cause the gap between import and export to widen steadily. On the other hand, it is not true that an export surplus and balance of trade are a good things under any circumstances and that an import deficit always has a negative effect. ROK and Hong Kong did not achieve the balance of trade until 1984. On its part, Singapore still suffers an import deficit today.

-Sixth, we must build at all costs a uniform strategic program and plan for the training of our contingent of cadres, attaching special importance to training and re-training a contingent of socioeconomic managers capable of implementing the party's line, and devoting ourselves to forming a contingent of leading scientific and technical cadres. In training, we should follow the formula of paying attention to quantity to meet immediate demands while mapping out plans for training specialized cadres in preparation for long-terms requirements. Holding in high esteem and training talented people is an effort that must be reflected not only in the development of human resources but also in preferential and compensation policies. It is high tide to reform the salary system in such a way as to closely link pay with labor productivity and work quality in order to encourage skilled and highly specialized labor. If the state does not do that at an early date, the private sector and foreigners will do it themselves. Though improved, the salary system is still shot through with egalitarianism and provides no incentive for talent because length of service and leadership position are still used as the principal criteria for deciding remuneration. It is for this reason that in state agencies and businesses, there has often been the state where those whom the agencies want to leave stay and those who wish to change their line of work are not allowed to. Not a few people with good education and knowledge have been forces to take a second job, devoting more efforts to their sidelines than to their regular occupation.

The forthcoming Eighth Party Congress will certainly make a full assessment of the achievements and weaknesses of our national economy; at the same time it will point to solutions aimed at bringing into full play our country's potentialities in land, resources, and labor to create a moving force to promote continued economic growth. We are convinced that in the years ahead GDP will increase by 10 percent per annum on the average, and that after seven years (that is, by the year 2000), the economy will double in size compared to 1995.

SRV: Journal Affirms Party Leadership in Renovation

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[Editorial: "Our Party"]

[FBIS Translated Excerpt][Passage omitted] Right after the Geneva Agreement was signed, U.S. imperialism booted out French colonialism and jumped into South Vietnam in an attempt to turn it into a new-style colony. Under the yoke of U.S. imperialist domination, the South had really become a hell on earth. Proceeding from the actual situation in both North and South Vietnam, our Party advocated carrying out socialist transformation and building in the North to turn it into a strong rear area of the Southern revolution, and combining military and political struggle with diplomatic struggle to create aggregate strength. With the party's correct and scientific revolutionary line, we had bankrupted Eisenhower's strategy in 1954-1960, defeated the U.S. "special war" in 1960-1963 and "local war" in 1965-1968, completely frustrated the "Nixon Doctrine" in 1969-1973, foiled the scheme of the U.S. and its henchmen to encroach upon the liberated area in 1973-1975, and finally launched the "lightning, bold, and surprise" general offensive in the Spring of 1975 to completely liberate the South and reunify the fatherland.

3. To day, in the renovation undertaking, under the party's leadership, we have recorded great and highly significant achievements such as: accelerating the pace of socioeconomic development, overfulfilling many key targets of the five-year plan for the first time, accomplishing some welcome social changes, continuing to firmly maintain political stability and consolidating national defense and security, successfully effecting numerous important innovations in the political system, strongly developing foreign relations, breaking out of encirclement and isolation, actively participating in the international community's life.... To date, although there still remain not a few shortcomings and weaknesses and some domains have not been strengthened, we can say that our country has got out of socioeconomic crisis and has entered a new period—that of stepping up industrialization and modernization—and that the path to socialism in our country has become more and more clearly defined. An extremely important point is that, through the reality of leading the renovation undertaking and from its accomplishments and deficiencies, our party has drawn a number of lessons of experience to continue leading the gradual advance of our people's revolutionary cause. Those lessons consist in the following: We must hold fast to the socialist objective in the renovation process; we must correctly deal with the

relationship between renovation of the political system and economic renovation, closely combining economic renovation with political renovation from the beginning; economic renovation and the building of a multisector commodity economy operating according to the market mechanism must go hand in glove with strengthening the state's managerial role; we must broaden the bloc of great national unity and bring into play the strength of the whole nation; we must strive for the sympathy, support, and assistance of the world's people for our people's just cause and combine our nation's strength with that of our time; and we must firmly maintain the party's leadership role and consider party building to be the main task.

In the near future, in the process of striving to achieve the objectives and tasks of industrialization and modernization, we should firmly grasp and gain a profound understanding of those lessons. In particular we should satisfactorily resolve the following issues:

- Developing the multisector economy and applying the market mechanism is aimed at successfully building socialism, not at taking the country onto the capitalist road.
- In facing the schemes and tricks of "peaceful evolution," we must resolutely maintain political stability and preserve the nation's system, independence, and sovereignty.
- In integrating into regional and international markets at a time when our economic standard is still low, we must make an effort to achieve success in market competition; we must strive for foreign capital but must bring into play the domestic resources to ensure economic development, to pay our debts, and to avoid dependence on other countries.
- In leading the country under the new conditions, in the face of difficult and complex tasks, and having to confront the effects of negative factors, our party must resolutely preserve its working class nature, enhance its intellectual level, overcome degeneration and deviation, and put to good account the fine quality of party members.

In so doing we will be able to firmly maintain the socialist orientation, to carry out renovation but not to change our colors, and to integrate but not to dissolve.

4. There is an unexpected but happy coincidence here: Our party's founding anniversary falls on the day when our people enthusiastically welcome Spring and prepare to celebrate our nation's traditional New Year festival. In our country, Spring is the most beautiful season. In the North, the rosy peach trees are in full bloom; in the South, the yellow apricots are full of

yellow flowers. On the cozy and extremely sacred New Year's Eve, the people throughout the country and overseas Vietnamese anxiously and eagerly looked forward to hearing the New Year greetings from Uncle Ho, the father of the nation, in the past, and from our party and state leaders at present. Those greetings have become an indispensable food for thought for all patriotic Vietnamese. The party is identified with Spring. And Spring is always a symbol of goodness.

Our party was born in the heart of the nation. The party leads the people and nation, is protected, fostered, and defended by the people and nation. The party, the class, the people, and the nation have really coalesced to form a sturdy bloc. The party always relies on the people, trust the people, and consider the people as its roots. The people trust the party, follow the party to carry out revolution, and consider the party their own. When talking to each other, Vietnamese usually say "our party"; when talking with foreigners, Vietnamese often say "our party." The bloc of great national unity of Vietnam is lasting and indestructible. All attempts by hostile forces to drive a wedge between our party and our people and nation are pure illusion.

This year, we celebrate the party's anniversary amid the atmosphere of the entire party enthusiastically holding local party congress and actively preparing for the next national party congress, and of our entire people eagerly preparing to welcome the lunar New Year and springtime and looking toward the forthcoming party congress. The Eighth Party Congress is a momentous political event. It is the task of the congress to review the implementation of the Seventh Party Congress Resolution over the past five years; sum up the renovation process over the past 10 years; set forth the objectives, guidelines, tasks, and major measures to promote the cause of national industrialization and modernization; and supplement and amend the party statutes.

To prepare for the Eighth Party Congress in a practical manner, we must undertake activities aimed at bringing into play the sense of independence and sovereignty, the spirit of self-reliance, and the intellect and creative powers of the entire party and people in order to contribute to the success of the congress. We must create a high level of political and spiritual unanimity in all society, heighten confidence in the party leadership, step up the mass emulation movement to record achievements in honor of the congress, and resolutely strive to successfully carry out the tasks laid down by the Eighth Party Congress.

SRV: Prime Minister Signs Instruction Banning Public Drunkenness

BK3105071896 Hanoi VNA in English
0654 GMT 31 May 96

[FBIS Transcribed Text] Hanoi VNA May 31 — Prime Minister Vo Van Kiet on May 28 issued an instruction banning drunkenness in order to stop people from being intoxicated in public places, or while on duty. The instruction says: - getting drunk at government offices, working places, restaurants, hotels, food shops, and in vehicles and in all public places is banned. - children under 16 years old are prohibited from drinking alcohol or beer and all people under 18 years old are banned from drinking alcohol or other alcoholic beverage with 14 degrees alcohol or higher. - all hotels, restaurants and food shops are not allowed to sell alcohol and other alcoholic beverages with 14 degrees of alcohol or higher to under eighteens and wine or beer to under-16-year-old children, while the sale and drinking of wine and beer is strictly banned at all general schools. - all government officials and public employees, officers and soldiers of the armed forces, teenagers and children under 16 years old as well as every citizen infringing this instruction will be subjected to administrative punishments or punishments according to disciplinary orders. In the case where the violations result in criminal acts, the violators will be subjected to penal liability according to the law. - all hotels, food shops and restaurant owners have to pledge and take effective measures to prevent people from getting drunk in their premises. - all relevant ministries, offices and provincial and municipal authorities are to coordinate with the fatherland front and other social and mass organizations to realize the instruction. The instruction is effective as from May 30, 1996.

SRV: Vice Minister of Labor Discusses Social Vices

963E0016D Hanoi TAP CHI CONG SAN No.3
in Vietnamese Feb 96 pp 22-25

[Article by Nguyen Thi Hang, member of the Communist Party of Vietnam Central Committee, vice minister of labor, war invalids, and social welfare: "Social Vices, a Common Concern"]

[FBIS Translated Excerpts] After going through nearly 10 years of renovation under the party's leadership and surmounting untold difficulties and trials, our country has finally escaped from socioeconomic crisis. The people's standard of living has noticeable improved, and joy has visited all families. However, worry still gnaws at everyone's heart: In society there have appeared a number of vices having a destructive effect upon our

national traditional values. These social vices also tend to increase as the economy develops.

To talk about social vice is to talk about activities in various forms that are in violation of the law, contrary to moral principles, and at variance with the standards and values of the current Vietnamese way of life. In this article, I would like to deal with *three* main social vices: *prostitution, drugs, and gambling*.

According to still incomplete statistics, in the entire country there are now 76,900 prostitutes (including 14,982 documented professional hookers), 3,126 brothel operators, 183,200 drug addicts (including 47,150 documented substance abusers), and 2,781 drug den operators.

The scourge of prostitution has evolved from flagrant public solicitation a few years ago to current surreptitious, camouflaged activities at restaurants, hotels, dance halls, massage parlors, karaoke shops.... Prostitutes have not only concentrated in major urban centers but have also spread out to the countryside and the highlands, home of the ethnic minorities. Even more worrisome and shocking is the fact that the incidence of rape and sexual abuse against children has increased somewhat. According to the Ministry of Interior's statistics, of the 1,682 cases of rape occurring throughout the country between early 1993 and November 1995, up to 354 cases (or more than 21 percent) involved children as victims. If the rape of children in 1993 accounted for 14.6 percent of all rape cases, it increased to 16.6 percent in 1994 and up to 30 percent in the first half of 1995. It is worth noting that in some southern provinces such as Ho Chi Minh City, Dong Nai, Dac Lac...the ratio is 50 percent, or even up to 94 percent such as in the case of Minh Hai Province. Along with the increase in child abuse, child prostitution has also tended to go up.

Concerning drug addiction, if in the past it concentrated only in the opium poppy-growing areas of the ethnic minorities and involved certain groups of sinful people in the cities, now it has spread to the rural areas and involves even retired persons; more dangerous still, it has affected a segment of general school students. Sociological statistics show that more than 80 percent of substance abusers are youths and more than 50 percent are from well-to-do families. With regard to the forms of narcotics use, in addition to smoking and injection, there has appeared recently in major urban centers the new form of heroine sniffing.

As for gambling, this scourge with its many disguises is expanding both in scale and organizational form. Aside from the large, professional dens, gambling has also sneaked into every city and village corners and has even spread among school children, students, state officials,

and party members. Number betting, a disguised form of gambling, is spreading like an epidemic from one locality to another, ruining not a few families. More serious still, in some localities such as Lao Cai, Yen Bai, and Ha Tinh, there have been cases in which bank officials colluded with outsiders to withdraw tens of billions of dong from state-owned funds for use in number betting (with no possibility of recovering the money).

These social vices do not exist separately; they are usually linked with each other and lead to other crimes such as hooliganism and robbery; they also have a special relationship with the "national disasters" of corruption, extravagance, and waste of state-owned money.

The damage inflicted by these social vices has been inestimable. They have caused the loss of a considerable amount of social wealth (an opium smoker spends tens of thousands of dong per day on the average; a heroine addict has to spend even more, up to 300,000 or 400,000 dong). Not a few families have had to mortgage their houses, their farm land, and their orchards to indulge in number betting. Corrupt people and embezzlers have used state-owned money to live it up at various social vice hotbeds. Social vices have physically and morally crippled a number of youths and teenagers and have corrupted not a few cadres and party members, including those holding leadership positions.

Social vices are not only a threat to public security and the safety of each family; they are now really threatening the survival of our race. The great HIV-AIDS epidemic with the unexpected increases in the number of its victims (according to the latest figures released by the National Committee for HIV-AIDS Prevention and Control, which are usually much lower than the real number, at present there are 3,375 HIV-infected people in the entire country, up by more than 1,000 people compared with 1994), the overwhelming majority of whom (almost 90 percent) are prostitutes and drug addicts. This is a stern warning of the terrifying consequences of social vices.

There are many reasons for the current increases in social vices; one is the fact that our country is switching to the market economy and opening its doors for integration into the world. Aside from its positive side, which is its basic characteristics, the market economy also has a seamy side, namely the fact that it encourages people to live fast and enjoy life to the fullest, and kindles people's desire to enrich themselves at all costs and with a total disregard for moral principles and the law. It is worth noting that the drug trade, prostitution... are much more profitable than any other business.

Unemployment among not a small segment of the population and the army of homeless children are also factors contributing to the spreading of social vices. [passage omitted]

Not a small number of members of society, including those who are victims of social vices, have not yet fully perceived the horrendous harm inflicted by those vices. Therefore, they have often adopted an indifferent, irresponsible attitude, instead of making a conscious effort to prevent and struggle against them.

On the subjective side, there is another shortcoming that should not be overlooked, and that is the fact that, for a long time, our managerial work in this domain has been neglected; there has been a lack of laws and sub-law documents; the state apparatus and mechanism have lack uniformity, and no agencies have been designated to assume main responsibility. In many localities, because of their failure to fully perceive the importance of social vice prevention and control, party committee echelons and the administration have given the sectors concerned a blank check to deal with this problem, without exerting leadership and arranging coordination of action between different sectors and levels. In some sectors, owing to lax management, some service establishments have been allowed to participate in the flesh trade. The inspections conducted by the *Department for Social Vice Prevention and Control* (of the Ministry of Labor, War Invalids, and Social Welfare) in coordination with the *Criminal Police Department* in July 1995 in eight key provinces yielded the following results: Up to 463 service establishments, including 170 state-managed ones (or 36.7 percent), harbored prostitutes.

Investigation, prosecution, and trials have been slow, and there has been no rational coordination among the Public Security, the Organ of Control, and the Court. Concerning trial, with the exception of some cases involving the shipment and trading of large amounts of narcotics which have been sternly adjudicated, other cases, generally speaking, have been dealt with leniently, thereby having no sufficiently educational and deterrent effect. Especially with regard to the crimes of harboring prostitutes and engaging prostitution business, the usual sentence has been under two years imprisonment; there have been a fairly large number of suspended sentences (16 percent of the suspects brought to trial); and the court has not paid attention to meting out really severe economic penalties (such as confiscating convicts' homes). Regarding a number of party

members and cadres indulging in social vices (gambling, whoring, engaging in prostitution business), their punishments have consisted mainly of administrative penalties. In addition, there are a small number of degenerate, deviant court officials who, yielding to bribery, still protect and lend a helping hand to criminals.

Generally speaking, the education, transformation, medical treatment, and rehabilitation of people indulging in social vices have yielded poor results. In 1995, the number of drug addicts rehabilitated accounted for only 4.42 percent of the total number of substance abusers; after leaving the rehabilitation centers, more than 80 percent of these cured addicts have relapsed into their old habit. After being educated and receiving medical treatment, only 33 percent of the prostitutes have really turned over a new leaf.

Although the propaganda, education, and agitation efforts aimed at changing the community's perception of social vices have yielded some results, they have only skimmed the surface and have not yet penetrated deeply into all strata of the population to stir up a movement against social vices. [passage omitted]

SRV: Effects of Chemical Warfare on Children Reported

BK0206101296 Hanoi VNA in English
0640 GMT 2 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 2 — At the provincial hospital of the central province of Thanh Hoa, three children of the same family are under treatment for hemolysis as the consequence of chemical agents sprayed on their father when he was fighting from 1972 to 1975 in the Vietnam war.

Another war veteran in Thanh Hoa has four children who were all born paralyzed and mentally retarded.

These are only two examples of the long-term consequences of chemical agents affecting children of Vietnam war veterans in the province. According to statistics from Thanh Hoa's Committee for Child Care and Protection, there are some 13,000 disabled children in the province, including 1,300 who are crippled, 1,800 mentally retarded, 1,900 deaf and mute, 900 born with harelips, and 600 blind; two-thirds of them born to parents returned from the Vietnam war.

Most of these children live in difficult conditions and the Committee for Child Care and Protection and the provincial Red Cross are calling for help from individuals and organizations.

Australia

Australia: Downer Says Some Island Nations Lack Free Enterprise Spirit

BK0406105096 Melbourne Radio Australia
in English 0500 GMT 4 Jun 96

[FBIS Transcribed Text] Australia's foreign minister, Alexander Downer, says some South Pacific countries lack a free enterprise spirit. Graeme Dobell reports that the foreign minister was speaking at the start of a two-day meeting in Canberra to set Australia's policy on the South Pacific.

[Begin Dobell recording] Mr. Downer said the South Pacific needs a new export orientation while acknowledging that island countries vary in their style and resources. Mr. Downer said some do not have a culture of entrepreneurship. He said the South Pacific needed to do more to cut back on government spending, develop the private sector, and attract foreign investors. The foreign minister said the conference of Australia's top diplomats in the region will lead to a major government statement on relations with the South Pacific later this year. [end recording]

Australia: New Tuna Fishing Agreement Signed With Japan

BK0406104896 Melbourne Radio Australia
in English 0500 GMT 4 Jun 96

[FBIS Transcribed Text] Australia has signed a new tuna fishing agreement with Japan after a six-month delay in negotiations. Australia's resources minister, Warwick Parer, announced the tuna quota will be the same as last year — 6,600 tons. The Australian Government rejected a Japanese bid to be allowed to increase or even double the quota. Senator Parer says the agreement is great news for Australian ports such as Hobart and Fremantle where Japanese fishing vessels spent more than \$40 million last financial year. He says the agreement insures tuna fishing in Australian waters will be tightly managed. All boats will have to use (trot pole) which help prevent albatrosses being accidentally killed in the fishing process.

Australia: Editorial Views Solutions to Foreign Debt Problem

BK0406041096 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 4 Jun 96

[Editorial: "Debt Truck Still Rolling" — received via Internet; dollar figures in Australian dollars]

[FBIS Transcribed Text] When Mr John Howard and the rest of the Liberal Party rolled out their debt truck last year it immediately ran into problems. Quickly dubbed

the "Lorry of Lies" by the previous Federal Government, its attempt to highlight the size of Australia's foreign debt — and to portray this as a personal burden "equivalent to \$10,000 for every man, woman and child" — was short-lived.

Partly this was due to avoidable "logistic" problems, such as the use of an imported, not locally made, truck to carry the giant billboard advertising the size of our debt — a fact that immediately prompted outcries about the way the Liberals themselves were adding to the debt. Then there was the incident when the truck broke down in the mountains west of Sydney, and was subsequently shown on television sadly being towed away for repair. The Lorry of Lies became the "Laughable Lorry of Woes".

Politically the whole affair had been counterproductive. Yet the message it carried, while overly simplistic and alarmist, was an important one. And it still is, a point highlighted by yesterday's release of the March-quarter figures on foreign debt. As these show, Australia's debt truck, while far from careering out of control, is still rolling along at an uncomfortably solid pace.

The fact is, the truck was never full of the lies the former Federal Government claimed it was. While the assertion that Australia's foreign debt could be easily converted into a per capita figure was ludicrous, the actual level of net debt — now standing at \$185 billion — is not. Although 60 per cent owed by the private sector, it is a genuine policy issue that the Federal Government needs to treat seriously.

Mr Howard, now that he is Prime Minister, is not showing his earlier enthusiasm for highlighting this problem. Fortunately, the whole thrust of his policy program — in particular, his determination to boost national saving by pushing the Federal Budget into structural surplus — serves the goal of winding back foreign debt.

It is only by increasing domestic savings, both public and private, that Australia can be in a position to substantially reduce its call on foreign savings to fund new investment. While we are likely to remain capital importers, there is nothing wrong with this provided the funds are used productively and the debt easily serviced from the new earnings. On the contrary, borrowing is likely to remain an important instrument for helping this country to continue to lift its wealth.

At present the situation is reasonably encouraging, mainly due to the way overall economic growth, solid export performance, low interest rates, and the stronger Australian dollar have combined to hold down the debt-servicing ratio.

Whereas this ratio — which expresses interest payments on foreign debt as a percentage of export earnings — had risen to a dangerously high 20 per cent in the late-1980s it is now hovering slightly above 11 per cent. In the same way, net foreign debt as a percentage of gross domestic product is around 39 per cent — extremely high compared with the situation before the 1980s debt blowout but down from the peak of a few years ago.

The crucial need is to maintain this more favourable trend by generating more saving and so reducing the call on overseas funds. At the same time we need to boost our productivity and competitiveness, once again in order to facilitate higher national saving.

Here the main policy emphasis needs to be on more micro-economic reform, particularly in the area of industrial relations.

Significantly, this would also help to hold down inflation, one of the most insidious forces undermining the motive of individual Australians to save.

Australia: Prime Minister Stresses Increased Competition in Economy

BK0406034596 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 4 Jun 96

[Report by Tom Burton — received via Internet]

[FBIS Transcribed Text] The Prime Minister, Mr John Howard, has signalled that increasing the amount of competition in the economy will be a policy priority, flagging his determination to push ahead on the Government's waterfront and industrial reforms.

Speaking to an international banking conference in Sydney, Mr Howard said that there were "many reasons" to be "particularly enthusiastic and particularly optimistic" about Australia's future.

But he qualified his optimism with warnings about the country's low level of savings and the lack of competition in the labour market and some sections of its product markets.

Mr Howard compared the waterfront's "dinosaur industrial relations characteristics" with the competition introduced into the banking and finance sector.

"They really present a tale of two industries," he said. "One industry which is heavily into competition, and another industry that still suffers very severely from an

almost total absence of competition, particularly so far as the labour market is concerned.

"We have an inefficient waterfront because there is a monopoly over the supply of labour on the Australian waterfront. We have a far more efficient Australian financial system because there are not monopolies held within that system.

"The message of that is very clear, and that is why my Government has put an enormous emphasis on changes to Australia's industrial relations system."

But in his speech at the International Monetary Conference, he acknowledged that he had inherited an economy in "better than good" shape.

Mr Howard also praised the contribution of the former Prime Minister, Mr Paul Keating, to the restructuring of the finance sector, claiming there was now a much smaller gap between the main political parties on major economic issues. Signalling his determination to open up the waterfront to full competition, Mr Howard said: "However much special interests may build arguments for shutting out competition, at the end of the day if you want a good deal for the consumer, then you must embrace competition and there remain areas of the Australian economy... that are not subjected to the winds of competition".

He also identified his labour market reforms as "by far the most significant piece of legislation we've asked the Parliament to endorse since we were elected".

He claimed it was no accident Australia's unemployment rate was higher than countries with more flexible industrial relations systems. "It seems to me to be little in doubt that relatively lower rates of employment in countries such as the United States and New Zealand owe something to the more flexible approach to industrial relations in these countries." Admitting the difficulties of making Budget cuts, Mr Howard said the level of household savings had fallen continuously over the past decade and was the reason the Government was embarking on fiscal consolidation.

"Never popular, never easy in the judgements to be made between social obligations and fiscal responsibilities — the debate will rage on what that appropriate balance is here, as it does around the world," Mr Howard said.